

CITY OF LOGAN, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005
With
INDEPENDENT AUDITORS' REPORT

Prepared by

Department of Finance

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Office of the Finance Director

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November 30, 2005

To the Honorable Mayor, Members of the City Council and Citizens of the City of Logan:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Logan (City) for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Jones Simkins PC, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports can be found as listed in the table of contents.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A complements this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Logan, Utah was incorporated on January 1, 1866, and is classified as a city of the second class as defined in Title 10 of the Utah Code. The City is located in the northeastern part of the state and is the eleventh largest incorporated city within the state. The City currently occupies a land area of 17 square miles and serves a population of 45,816. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the mayor-council optional form of government since 1978, having been the first in the state to adopt this form of government. Policy-making and legislative authority are vested in the City Council

consisting of five council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and confirming appointments for department heads. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various divisions and departments. The council and mayor are elected on a non-partisan basis. Both the Council and Mayor serve four-year terms on a staggered basis. Elections are held every two years with three council seats open during one election and the mayor and two council seats open during the other. All council seats and the mayor are elected at large.

The City of Logan provides many services to residents including construction and maintenance of highways and streets, police, fire, library, cemetery, water and sewer, electric, sanitation, bus transportation, golf course, public zoo and other recreational and cultural services.

Logan is the largest city in Cache Valley. The valley is known for its beautiful, green summers and wonderfully cold winters. Bordered on all sides by mountains, Logan offers much to outdoor enthusiasts. Logan is just minutes from fishing, mountain biking, hiking, canoeing, bird watching and skiing. The City is also host to many cultural activities and festivals. The City owns the Eccles Theatre operated by the Cache Valley Center for the Arts. The theater was renovated in 1992, and is one of the most beautifully designed theaters of its size.

Utah State University is located on Logan's east bench, enrolling approximately 22,000 students. Utah State's Innovation Campus was given the 2004 Award for Excellence in Economic Development by the United States Department of Commerce as one of the best places in the nation for rural economic development. Utah State reports that its students and faculty send more experiments into space than any other university in the world.

Two major obstacles to economic expansion in Cache Valley have been the lack of scheduled passenger air service and the lack of an alternate path redundant fiber optic line into the valley. After years of planning and working toward a solution to these issues, it was announced that scheduled air service is planned to begin operation in 2006. The service is planned to include daily flights to and from two major western cities. In August 2005, the Mayor of Logan and the Governor of Utah announced the arrival of an alternate path redundant fiber optic line into Cache Valley. These two events are expected to open the doors to significant economic opportunities in the near future.

Factors Affecting Financial Condition

Summary of Local Economy. The City of Logan benefits from a varied technology, manufacturing, and industrial base that adds to the relative stability of employment. Logan remains approximately one percent below the national unemployment rate at 4 percent. The state average unemployment rate is 4.7 percent.

Major employers within the City's boundaries include Utah State University, Icon Health and Fitness, Moore Business Communication, Tyco Manufacturing, Schreiber Foods, Hyclone Labs, Gossner Foods, Cache Valley Electric, Logan City School District, and Logan Regional Hospital.

Logan is the central city to approximately 98,000 inhabitants residing in Logan and the surrounding communities of Cache Valley. The region is expected to grow approximately 2 to 3 percent each year for the next several years. New local business ventures are expected to continue to be established in Logan as a result of the research and development activities of Utah State University's Innovation Campus as well as economic development efforts made by the City. The City has taken an active role in the revitalization of the historic downtown. The County is in the process of restoring the historic Courthouse, and the City and the County are currently working to bring further development to the Courthouse block.

Taxable Sales. Taxable sales continued to show solid growth with approximately a 4 percent increase. This is down from the prior year increase of 10 percent; however, management believes this growth is sustainable over the near future.

Long-Term Financial Planning. The City has developed and will continue to update and refine a capital improvement plan. Subsequent to year end, the City adopted impact fees to help pay for future capital needs. The City also adopted a Storm Water Fee, which will take effect during fiscal year 2006. The Storm Water Fee will help pay for the necessary Storm Water infrastructure.

Cash Management. The City's cash management objectives are (1) to preserve the safety of principal, (2) to provide for the need for liquidity, and (3) to maximize the yield on investments. Cash temporarily idle during the year was invested in certificates of deposit, overnight bank sweep accounts, and the State Treasurer's Investment Pool. The maturities of the investment range from daily to 12 months with an average maturity of one month.

Budgetary Control. The annual budget serves as the foundation for the City's financial planning and control. The Mayor proposes the budget to the City Council. The Council then approves the budget. Budgetary control is maintained at the division level where expenditures may not exceed appropriations. Control is also maintained in governmental funds through the use of encumbrance accounting.

Acknowledgements

The timely and efficient preparation of this report could not have been accomplished without the dedicated service of the staff of the Finance Department. I would specifically like to thank the CAFR Team, composed of Glen Schmidt, Justin Zollinger, and Bob Burton, for their service in preparing this report. I appreciate Jones Simkins PC, Certified Public Accountants, for the assistance and guidance they have provided to us. I also thank the members of the City Council, the Mayor and other City personnel for their interest and support.

Respectfully submitted,

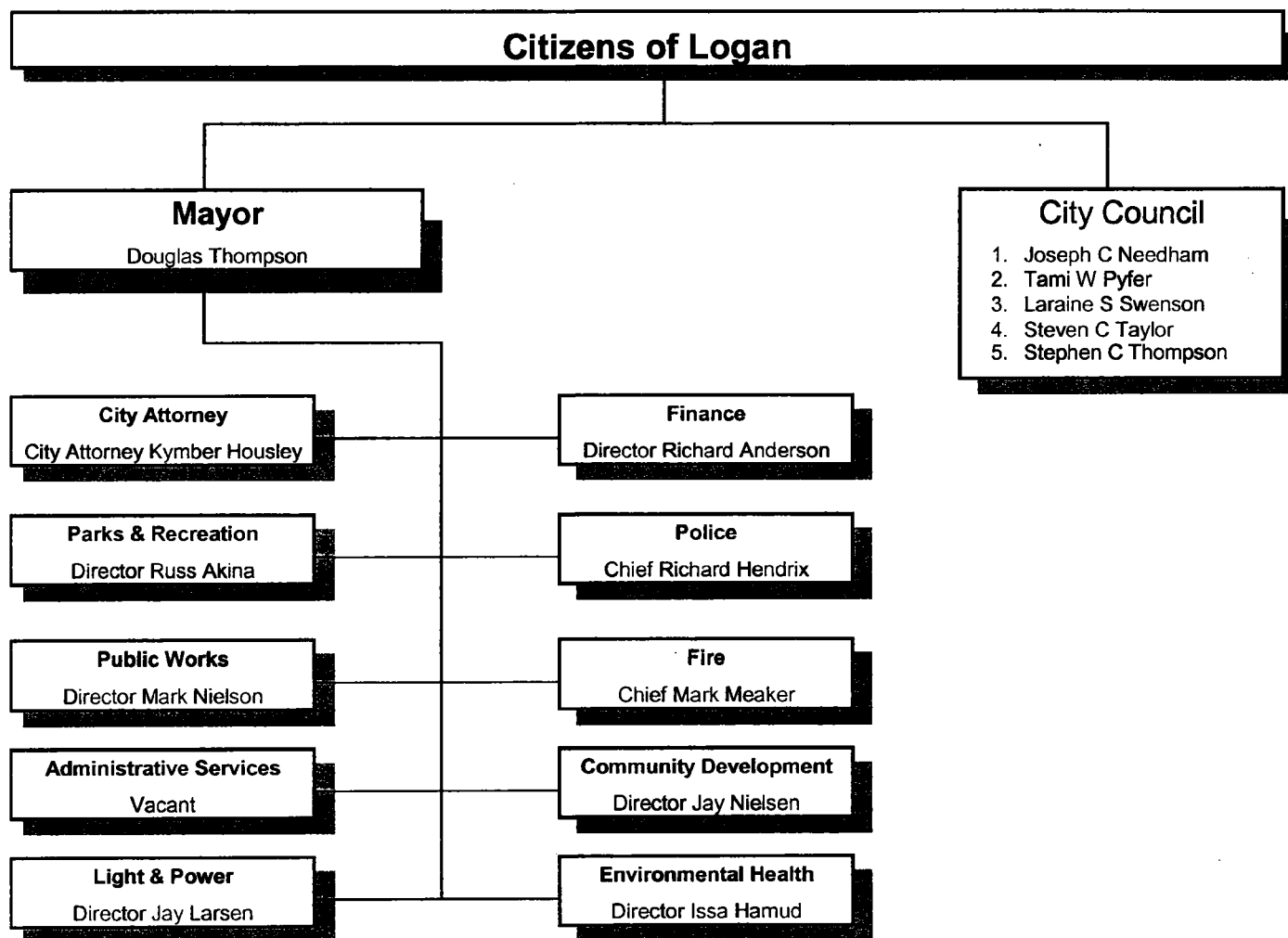


Richard P. Anderson CPA, CGFM
Director of Finance



City of Logan

Organizational Chart



OFFICIALS

CITY OF LOGAN, UTAH

ELECTED OFFICIALS

Douglas E. Thompson
Joseph C. Needham
Tami W. Pyfer
Laraine S. Swenson
Steven C. Taylor
Stephen C. Thompson

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member

APPOINTED OFFICIALS

Vacant
Mark R. Nielsen
Kymber Housley
Richard P. Anderson
Jay L. Nielson
Richard W. Hendricks
Mark H. Meaker
Russ A. Akina
Jay L. H. Larsen
Issa A. Hamud
Lois A. Price
Cheryl A. Russell
Ronald K. Jenkins
Bruce A. Adams
Robert T. Burton
Todd Buetler
Jeff W. Compton

Administrative Services Director
Public Works Director
City Attorney
Finance Director
Community Development Director
Police Chief
Fire Chief
Parks & Recreation Director
Electric Director
Environmental Health Director
Recorder
Judge
Library Director
Human Resources Director
Treasurer
Transit Manager
Information Systems Manager

DIVISION MANAGERS

Lance E. Houser
Will Lusk
Jeddie K. Al-Imari
Edward Stephens
Seth Sparks
Rodney S. Wilhelm
Coy L. Ashby
Glen R. Schmidt
David A. Wallace
D. Gay Jamieson
Lynn A. Miller
Kevin D. Croshaw
Jeffrey B. John

Water/Waste Water Manager
Safety Risk Manager
Street Maintenance Manager
Parks Superintendent
Cemetery Sexton
Zoo Curator
Fleet Manager
Accounting Manager
Purchasing Manager
Business License Administrator
Environmental Compliance Manager
Building Inspection Manager
Golf Pro

Financial Section



Certified Public Accountants

1011 West 400 North, Suite 100
P.O. Box 747
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510

OFFICERS:

Paul D. Sinkins, CPA
Michael C. Kidman, CPA,
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Logan
Logan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Logan as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 12 through 20 and 66 through 68, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Logan Utah's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-profit Organizations*," and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.



JONES SIMKINS, P.C.
November 22, 2005

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Logan's management presents to the readers of its financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the additional information provided in the letter of transmittal, which can be found on page 4 of this report.

Financial Highlights

The assets of the City of Logan (City) exceeded liabilities at the close of the current fiscal year by \$97,573,154 (net assets). Of this amount, \$7,048,147 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors.

Net assets increased by \$6,996,733. Of this amount, approximately 78 percent is a result of business-type activities.

The City's governmental funds reported a combined ending fund balance of \$4,710,838, an increase of \$58,445 in comparison to the prior year. The general fund reported a fund balance of \$3,863,948, of which \$2,671,218, or approximately 11.8 percent of general fund revenue, is unreserved and undesignated.

The City's total bonded debt decreased by \$1,734,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader to gain a more in-depth understanding of the City.

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's financial position, similar to consolidated financial statements in a private-sector business. These statements consist of the statement of net assets and the statement of activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information on how net assets changed during the current fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between activities that are primarily supported by taxes and intergovernmental revenues (governmental activities) and activities that are primarily financed by user charges and fees (business-type activities). The governmental activities for the City include general government, public safety, public works, recreation and culture, and debt service interest and fiscal charges. Business-type activities include the water and sewer, sewer treatment, electric, environmental health, storm water management, and golf course operations.

The government-wide financial statements can be found immediately following this discussion and analysis.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements

A fund is a separate set of accounts used to control resources that have been segregated for a specific purpose. The City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of financial resources and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may be able to better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation between the governmental funds statements and the government activities in the government-wide statements to aid in the comparison.

The City maintains 12 individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the redevelopment agency fund, which are considered to be major funds. Information for the other governmental funds is combined into a single, aggregated column. Individual presentations for each of these nonmajor governmental funds are provided in the form of combining statements in the supplementary information section of this report as listed in the table of contents.

The City adopts annual appropriated budgets for its general and redevelopment agency funds. Budgetary comparison schedules are provided to demonstrate compliance with budgetary requirements. These schedules can be found in the required supplementary information section of this report as listed in the table of contents.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds

The City utilizes two different types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, electric, environmental health, storm water management and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. An internal service fund is used to account for information systems. Because information systems support primarily governmental rather than business-type activities, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds present the same type of information as the government-wide financial statements, except in greater detail. The proprietary fund financial statements provide separate information for the water and sewer, sewer treatment, electric, environmental health, storm water, and the golf course funds, which are considered to be major funds of the City. Internal service funds are presented as a single, aggregated presentation in the proprietary fund financial statements. As the City has only one internal service fund, it is presented individually.

The basic proprietary fund financial statements can be found as listed in the table of contents.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements

The notes to the financial statements provide information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Logan, assets exceeded liabilities by \$97,573,154 at the close of the current fiscal year.

By far the largest portion of the City's net assets (85.7 percent) is its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens who live, work, pass through or benefit in other ways from the City. By their nature, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Logan's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 14,009,273	\$ 10,986,735	\$ 15,125,708	\$ 16,383,040	\$ 29,134,981	\$ 27,369,775
Capital assets	56,551,505	56,614,992	80,635,871	73,424,318	137,187,376	130,039,310
Total assets	70,560,778	67,601,727	95,761,579	89,807,358	166,322,357	157,409,085
Long-term liabilities outstanding	23,936,431	27,924,346	26,085,127	28,965,339	50,021,558	56,889,685
Other liabilities	10,565,384	5,189,437	8,162,261	4,753,542	18,727,645	9,942,979
Total liabilities	34,501,815	33,113,783	34,247,388	33,718,881	68,749,203	66,832,664
Net assets:						
Invested in capital assets, net of related debt	30,571,164	35,630,820	53,030,441	47,723,085	83,601,605	83,353,905
Restricted	3,407,503	744,598	3,515,899	4,127,056	6,923,402	4,871,654
Unrestricted	2,080,296	(1,887,474)	4,967,851	4,238,336	7,048,147	2,350,862
Total net assets	\$ 36,058,963	\$ 34,487,944	\$ 61,514,191	\$ 56,088,477	\$ 97,573,154	\$ 90,576,421

An additional part of net assets (7.1 percent) is assets that are subject to external restrictions on how they may be expended (debt reserve, capital projects, etc). The remaining 7.2 percent of net assets can be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Logan's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 6,018,194	\$ 6,364,388	\$ 47,583,818	\$ 46,969,772	\$ 53,602,012	\$ 53,334,160
Operating grants and contributions	2,347,991	3,122,508	-	217	2,347,991	3,122,725
Capital grants and contributions	4,616,339	1,087,746	465,695	958,158	5,082,034	2,045,904
General revenues:						
Property taxes	4,906,390	4,588,551	-	-	4,906,390	4,588,551
Other taxes	13,107,750	11,870,600	-	-	13,107,750	11,870,600
Grants and contributions not restricted to specific programs	202,675	658,743	-	-	202,675	658,743
Other	822,017	1,347,804	91,756	695,747	913,773	2,043,551
Total revenues	32,021,356	29,040,340	48,141,269	48,623,894	80,162,625	77,664,234
Expenses:						
General government	5,785,605	3,576,623	-	-	5,785,605	3,576,623
Public safety	10,431,786	11,726,379	-	-	10,431,786	11,726,379
Public works	9,483,377	10,731,937	-	-	9,483,377	10,731,937
Parks, recreation and culture	5,695,681	5,792,722	-	-	5,695,681	5,792,722
Interest on long-term debt	995,073	995,108	-	-	995,073	995,108
Water and sewer	-	-	4,984,878	4,453,375	4,984,878	4,453,375
Sewer treatment	-	-	1,592,069	1,507,918	1,592,069	1,507,918
Electric	-	-	26,661,065	25,218,929	26,661,065	25,218,929
Environmental health	-	-	6,437,766	5,792,364	6,437,766	5,792,364
Storm water	-	-	31,156	122,146	31,156	122,146
Golf course	-	-	1,067,436	962,228	1,067,436	962,228
Total expenses	32,391,522	32,822,769	40,774,370	38,056,960	73,165,892	70,879,729
Increase (decrease) in net assets, before transfers	(370,166)	(3,782,429)	7,366,899	10,566,934	6,996,733	6,784,505
Transfers	1,941,185	4,397,235	(1,941,185)	(4,397,235)	-	-
Increase (decrease) in net assets	1,571,019	614,806	5,425,714	6,169,699	6,996,733	6,784,505
Net assets, beginning	34,487,944	33,873,138	56,088,477	49,918,778	90,576,421	83,791,916
Net assets, ending	\$ 36,058,963	\$ 34,487,944	\$ 61,514,191	\$ 56,088,477	\$ 97,573,154	\$ 90,576,421

Governmental activities

Governmental activities net assets increased by \$1,571,019 for the current fiscal year. Key elements of this increase are as follows:

- Property tax revenue increased by \$317,839; approximately \$156,000 due to new growth within City boundaries, and \$161,000 due to increased redevelopment agency tax increment.
- Sales taxes (including franchise taxes) revenue increased by \$1,237,150, due to general sales and franchise tax growth and to a telecom tax implemented by the state.
- Due to fiscal discipline, expenses were held to approximately the same level as in the prior year.
- Capital grants increased due to a genealogical book collection donated to the City worth \$1,700,000. Infrastructure was also donated in the amount of \$455,165.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities

Business-type activities net assets increased by \$5,425,714. Key elements of this increase are as follows:

- The water and sewer fund net assets increased by approximately \$4,426,000. This fund received a capital asset transfer from the redevelopment agency consisting of a sewer lift station. This transfer was in the amount of \$3,087,859.
- The sewer treatment fund net assets increased by \$1,345,697. This increase was consistent with expectations. However, as this fund was created in fiscal year 2004, the City is still in the process of setting appropriate charges for services.
- The electric fund experienced a negative change to net assets in the amount of \$1,053,913. This negative change was caused in part by an unusually wet and cold spring that lasted into June. Logan received a measurable snowfall in June, which quickly melted. However, this singular event caused a deviation in the normal warm-up pattern, and consequently, in electricity usage in the spring and early summer. This fund also spent an additional \$300,000 in restricted cash to pay down an operating charge with UAMPS (see note 19) during the current fiscal year. This was not a planned expense.
- The environmental health fund net assets increased by \$572,328. This change in net assets was unusually low because of a change in the estimated remaining capacity of the landfill. Due in part to the results of a new closure and post closure cost study, the estimated remaining capacity decreased, and consequently the current year expense was larger than usual. This change resulted in a \$557,602 charge to landfill closure and post closure expense the current year, as compared with \$119,704 and \$132,529 in fiscal 2003 and 2004 respectively.

Financial Analysis of the City of Logan's Funds

As noted earlier, the City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,710,838, with an increase of \$58,455 compared to the prior fiscal year. Of the total balance, \$3,064,392 is unreserved and undesignated.

Reserved fund balance indicates that the funds are not available for new spending. At year end, the City had reserved fund balance in governmental funds for the following purposes: (1) state road fund projects \$497,973, (2) narcotics strike force reserves \$125,705, (3) inventory of supplies \$47,437, (4) cemetery perpetual care of \$151,828, (5) redevelopment agency low income housing of \$134,935, (6) bond trust funds of \$161,426, (7) encumbrances of \$347,784, and (8) other miscellaneous amounts of \$179,358.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund reported a fund balance of \$3,863,948, of which \$2,671,218, or approximately 11.8 percent of general fund revenue, is unreserved and undesignated. The Utah Fiscal Procedures Act states that the general fund can accumulate reserves up to 18 percent of its revenues; fund balance under 5 percent is to be held for emergencies or to cover operations until property tax revenues are received, while amounts between 5 percent and 18 percent can be appropriated by the City Council.

**CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund balance of the general fund increased by \$2,636,187. The major factors contributing to this increase were: (1) due to fiscal discipline, actual expenditures in the general fund were significantly less than budgeted, and (2) encumbrances of \$319,803 were not liquidated as of year end.

Fund balance of the redevelopment agency fund decreased by \$2,761,670. The primary reason for this decrease was that assets held for resale totaling \$3,087,859 were transferred to the water and sewer fund.

During the year, the City created the special improvement fund. This fund is a nonmajor special revenue fund. This fund was used to finance the construction costs of sidewalks and lighting improvements in the downtown area. Due to the timing of events, the City was unable to secure long-term financing to reimburse the fund prior to year end. Consequently, the fund ended the year with a negative fund balance of \$253,744. Subsequent to year end, the City obtained a note payable. The note will be repaid from assessments on the individual property owners.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the City's major proprietary funds totaled the following: (1) \$50,449 in the water and sewer fund, (2) a negative \$1,199,344 in the sewer treatment fund, (3) \$640,683 in the electric fund, (4) \$5,890,512 in the environmental health fund, (5) a negative \$384,642 in the storm water management fund, and (6) a negative \$81,491 in the golf course fund. The finances of these funds were discussed earlier as part of the business-type activities.

The primary factor contributing to the significant decrease in unrestricted net assets in the sewer treatment fund is that interfund loans of approximately \$1,000,000 were used for capital activities; however, according to Generally Accepted Accounting Principles interfund loans are never considered in determining net assets invested in capital assets, net of related debt.

General Fund Budgetary Highlights

Differences between the general fund's original budget and the final amended budget amounted to a total increase in appropriations of \$2,161,812 or 7.7 percent. A significant part of the increase in appropriations can be briefly summarized as follows:

- The Police Department received federal and state grants during the current year totaling approximately \$252,000.
- The Recreation Department received federal and state grants during the current year totaling approximately \$110,000.
- A Community Development Block Grant for \$671,100 was awarded.
- Assets to be transferred to other funds increased by \$368,172.
- Street department contributions increased by \$702,141.

The majority of the increases in appropriations were made possible because of grants or donations. Other minor increases in appropriations were possible because of actual revenues coming in higher than originally budgeted.

**CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities amounts to \$83,601,605 (net of related debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital events during the current fiscal year include the following:

- Construction of a 5.65 million gallon water tank began during the year. Approximately \$3,177,000 was spent on this project in fiscal year 2005.
- Construction of the Northwest Park has continued. Approximately \$758,000 was spent on this project in fiscal year 2005.
- Construction continued on a sewer lift station and related facilities in the amount of \$329,265 for fiscal year 2005. This project was financed with sales tax revenue bonds sold during fiscal year 2004.
- Construction was completed on a new fire station for the northeast area of Logan. Total construction cost was approximately \$925,000.
- Construction was completed on a new fire training facility. Total construction cost was approximately \$225,000.
- Assets constructed by the redevelopment agency in the amount of \$3,087,859 were transferred to the water and sewer fund. These assets were classified as work in progress in the prior year.

City of Logan's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 14,229,414	\$ 14,319,823	\$ 5,241,821	\$ 4,957,194	\$ 19,471,235	\$ 19,277,017
Other nondepreciable assets	1,700,000	-	-	-	1,700,000	-
Buildings	17,142,873	17,520,145	7,203,364	6,735,791	24,346,237	24,255,936
Improvements	7,898,525	7,933,579	43,477,832	33,221,425	51,376,357	41,155,004
Equipment	5,005,412	6,471,317	21,261,477	21,612,566	26,266,889	28,083,883
Infrastructure	9,708,183	9,160,878	-	-	9,708,183	9,160,878
Work in progress	867,098	3,967,844	3,451,377	6,897,342	4,318,475	10,865,186
Total	\$ 56,551,505	\$ 59,373,586	\$ 80,635,871	\$ 73,424,318	\$ 137,187,376	\$ 132,797,904

Additional information regarding the City's capital assets can be found in the notes to the financial statements of this report.

At the end of the current fiscal year, the City had bonded debt outstanding of \$45,213,000. Of this amount, \$6,555,000 comprises debt backed by the full faith and credit of the City and \$38,658,000 represents bonds secured by specific revenue sources (i.e., revenue bonds).

City of Logan's Outstanding Debt General Obligation and Revenue Bonds						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 6,555,000	\$ 6,875,000	\$ -	\$ -	\$ 6,555,000	\$ 6,875,000
Revenue bonds	13,832,000	14,719,000	24,826,000	25,353,000	38,658,000	40,072,000
Total	\$ 20,387,000	\$ 21,594,000	\$ 24,826,000	\$ 25,353,000	\$ 45,213,000	\$ 46,947,000

**CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Utilizing bond insurance, rated bonds outstanding have a rating of Aaa by Moody's Investor Service. The following bonds carry an underlying rating as follows:

Bond Issue	Moody's Investor Service
Water and sewer revenue bonds	A1
General obligation bonds	A1

In July 2004, the City issued \$6,100,000 in Electric Revenue Refunding Bonds. Proceeds from the bonds were used to refund all of the outstanding 2001 Electric Revenue Bonds.

In September 2004, the City authorized the issuance of \$5,000,000 in Water Revenue Bonds. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking Water Board and are issued to the City by a process of advances into a trustee account as debt is incurred. The State Drinking Water Board also agreed to forgive 8 percent of the incremental bond issuance or \$400,000 of debt, for a net debt of \$4,600,000. At June 30, 2005, the Board had advanced to the City \$2,050,000, \$1,886,000 ($2,050,000 * (1 - .08)$) of which has been recorded as a liability. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition and construction of a water storage tank, water mains, and other improvements. The bonds bear an interest rate of 2.57 percent.

In January 2005, the City issued \$910,000 in Water, Sewer and Solid Waste Revenue Bonds. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition and construction of a water storage tank, water mains and other improvements.

Additional information on the City's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Logan is 4.0 percent compared to 4.7 percent for the State of Utah and 5.0 percent for the U.S. average.

The City continues to approach budgeting for revenues conservatively in an effort to restore needed reserves for the general fund and other nonmajor governmental funds.

The City adopted a 17 percent increase to the general fund property tax levy for fiscal year 2006, which is approximately a 7 percent property tax increase overall. The City adopted a storm water management fee that will take effect during fiscal year 2006. The City adopted impact fees that begin July 1, 2005. The City adopted approximately a 10 percent increase in water and sewer rates and a 10 percent increase in sewer treatment rates. These rates are effective November 1, 2005. The City also adopted an electric rate surcharge to combat the volatile electric rates. This surcharge is effective November 1, 2005 through April 30, 2006. At that time, electric rates will be reevaluated.

Requests for information

This financial report is designed to provide a general overview of the City of Logan's finances. Questions regarding any of the information contained in this report or requests for additional financial information should be addressed to Office of the Finance Director, 255 North Main Street, Logan, Utah 84321.

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Basic Financial Statements

City of Logan
Statement of Net Assets
June 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,732,629	\$ 2,482,172	\$ 8,214,801
Accounts receivable (net of allowance)	405,001	4,123,936	4,528,937
Notes receivable	124,263	-	124,263
Taxes receivable	3,962,260	-	3,962,260
Internal balances	(2,049,077)	2,049,077	-
Due from other governmental units	4,001,953	203,532	4,205,485
Inventory	47,437	1,271,738	1,319,175
Total current assets	<u>12,224,466</u>	<u>10,130,455</u>	<u>22,354,921</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	281,275	4,500,987	4,782,262
Notes receivable	1,260,528	-	1,260,528
Deferred assets	243,004	416,440	659,444
Intangible assets	-	77,826	77,826
Capital assets:			
Land	14,229,414	5,241,821	19,471,235
Other nondepreciable assets	1,700,000	-	1,700,000
Buildings	32,193,829	10,983,607	43,177,436
Improvements other than buildings	8,909,528	58,428,695	67,338,223
Machinery and equipment	17,858,212	43,930,857	61,789,069
Infrastructure	29,907,211	-	29,907,211
Less accumulated depreciation	(49,113,787)	(41,400,486)	(90,514,273)
Work in progress	867,098	3,451,377	4,318,475
Total noncurrent assets	<u>58,336,312</u>	<u>85,631,124</u>	<u>143,967,436</u>
Total assets	<u><u>70,560,778</u></u>	<u><u>95,761,579</u></u>	<u><u>166,322,357</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,710,120	4,127,516	5,837,636
Notes payable	571,387	-	571,387
Leases payable	502,339	123,831	626,170
Other accrued liabilities	1,076,030	432,906	1,508,936
Compensated absences	1,139,091	493,848	1,632,939
Deferred revenue	4,099,435	-	4,099,435
Payable from restricted assets:			
Bonds payable	1,289,000	2,798,000	4,087,000
Interest payable	177,982	186,160	364,142
Total current liabilities	<u>10,565,384</u>	<u>8,162,261</u>	<u>18,727,645</u>
Noncurrent liabilities:			
Notes payable	3,621,587	-	3,621,587
Leases payable	1,138,377	348,540	1,486,917
Bonds payable	19,176,467	22,028,000	41,204,467
Due to other governmental units	-	142,000	142,000
Landfill closure/postclosure costs	-	3,566,587	3,566,587
Total noncurrent liabilities	<u>23,936,431</u>	<u>26,085,127</u>	<u>50,021,558</u>
Total liabilities	<u><u>34,501,815</u></u>	<u><u>34,247,388</u></u>	<u><u>68,749,203</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	30,571,164	53,030,441	83,601,605
Restricted for:			
Debt	161,426	3,515,899	3,677,325
Class C roads	497,973	-	497,973
RDA housing	134,935	-	134,935
Transportation	1,442,174	-	1,442,174
Emergency 911	924,915	-	924,915
Other	246,080	-	246,080
Unrestricted	<u>2,080,296</u>	<u>4,967,851</u>	<u>7,048,147</u>
Total net assets	<u>36,058,963</u>	<u>61,514,191</u>	<u>97,573,154</u>
Total liabilities and net assets	<u><u>\$ 70,560,778</u></u>	<u><u>\$ 95,761,579</u></u>	<u><u>\$ 166,322,357</u></u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Activities
For the Year Ended June 30, 2005

Function/Programs	Program Revenues					Net Revenues and (Expenses) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Primary Government	
							Governmental Activities	Business-type Activities
Primary government activities:								
Governmental activities:								
General government	\$ 5,785,605	\$ 1,696,466	\$ 31,265	\$ 696,503	\$	\$ (3,361,371)	\$	\$ (3,361,371)
Public safety	10,431,786	3,024,525	357,117	336,730		(6,713,414)	-	(6,713,414)
Public works	9,483,377	99,141	1,351,366	477,673		(7,555,197)	-	(7,555,197)
Parks, recreation & culture	5,695,681	1,198,062	608,243	3,105,433		(783,943)	-	(783,943)
Debt service - Interest and fiscal charges	995,073	-	-	-		(995,073)	-	(995,073)
Total governmental activities	32,391,522	6,018,194	2,347,991	4,616,339		(19,408,998)	-	(19,408,998)
Business-type activities:								
Water and sewer	4,984,878	7,141,975	-	406,790		-	2,563,887	2,563,887
Sewer treatment	1,592,069	2,933,363	-	-		-	1,341,294	1,341,294
Electric utility	26,661,065	28,655,369	-	-		-	1,994,304	1,994,304
Environmental health	6,437,766	8,060,982	-	-		-	1,623,216	1,623,216
Storm water	31,156	-	-	58,905		-	27,749	27,749
Golf course	1,067,436	792,129	-	-		-	(275,307)	(275,307)
Total business-type activities	40,774,370	47,583,818	-	465,695		-	7,275,143	7,275,143
Total primary government	\$ 73,165,892	\$ 53,602,012	\$ 2,347,991	\$ 5,082,034		(19,408,998)	7,275,143	(12,133,855)
General revenues:								
Property taxes						4,906,390	-	4,906,390
Sales and franchise taxes						13,107,750	-	13,107,750
Grants and contributions not restricted to specific programs						202,675	-	202,675
Unrestricted investment earnings						99,548	91,756	191,304
Miscellaneous						722,469	-	722,469
Transfers						1,941,185	(1,941,185)	-
Total general revenues and transfers						20,980,017	(1,849,429)	19,130,588
Change in net assets						1,571,019	5,425,714	6,996,733
Net assets, beginning						34,487,944	56,088,477	90,576,421
Net assets, ending						\$ 36,058,963	\$ 61,514,191	\$ 97,573,154

The accompanying notes are an integral part of this statement.

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Governmental Fund Financial Statements

General Fund

Redevelopment Agency Fund

Other Governmental Funds

**City of Logan
Balance Sheet
Governmental Funds
June 30, 2005**

	General	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,885,338	\$ -	\$ 2,232,311	\$ 5,117,649
Interfund receivables - pooled cash	-	-	1,164,014	1,164,014
Accounts receivable (net of allowance)	84,796	-	320,205	405,001
Notes receivable	189,687	1,195,104	-	1,384,791
Property tax receivable	1,712,858	1,325,000	924,402	3,962,260
Due from other funds	323,475	-	50,000	373,475
Due from other governmental units	2,628,976	-	1,372,977	4,001,953
Inventory	47,437	-	-	47,437
Restricted assets:				
Cash and cash equivalents	281,198	77	-	281,275
Total assets	<u>8,153,765</u>	<u>2,520,181</u>	<u>6,063,909</u>	<u>16,737,855</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payables - pooled cash	-	447,629	716,385	1,164,014
Accounts payable	1,133,751	148,052	413,071	1,694,874
Other accrued liabilities	825,310	-	233,981	1,059,291
Due to other funds	398,048	952,820	1,020,000	2,370,868
Deferred revenue	1,932,708	2,520,104	1,285,158	5,737,970
Total liabilities	<u>4,289,817</u>	<u>4,068,605</u>	<u>3,668,595</u>	<u>12,027,017</u>
Fund balances:				
Reserved for:				
Encumbrances	319,803	-	27,981	347,784
Class C roads	497,973	-	-	497,973
Perpetual care	-	-	151,828	151,828
Other	374,954	134,935	138,972	648,861
Unreserved, undesignated reported in:				
General fund	2,671,218	-	-	2,671,218
Special revenue	-	(1,683,359)	2,909,995	1,226,636
Capital projects	-	-	(833,462)	(833,462)
Total fund balances	<u>3,863,948</u>	<u>(1,548,424)</u>	<u>2,395,314</u>	<u>4,710,838</u>
Total liabilities and fund balances	<u>\$ 8,153,765</u>	<u>\$ 2,520,181</u>	<u>\$ 6,063,909</u>	<u>\$ 16,737,855</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total fund balances - governmental fund types \$ 4,710,838

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	14,229,414	
Other nondepreciable assets	1,700,000	
Buildings	32,193,829	
Improvements other than buildings	8,909,528	
Equipment	16,729,967	
Infrastructure	29,907,211	
Work in progress	867,098	
Accumulated depreciation	<u>(48,061,354)</u>	
Total		56,475,693

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Deferred revenues	1,638,535	
Deferred assets	<u>243,004</u>	
Total		1,881,539

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds interest payable	(177,982)	
Bonds payable - current	(1,289,000)	
Bonds payable - non-current	(19,176,467)	
Notes payable - current	(571,387)	
Notes payable - non-current	(3,621,587)	
Capital leases payable - current	(502,339)	
Capital leases payable - non-current	(1,138,377)	
Compensated absences payable	<u>(1,099,484)</u>	
Total		(27,576,623)

An internal service fund is used by the City to charge the costs of information systems to the individual funds. The assets and liabilities of internal service funds are included in the statement of net assets (\$619,200 less internal balances of -\$51,684).

Net assets	<u>567,516</u>	
Total		567,516

Net assets of government activities		<u><u>\$ 36,058,963</u></u>
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The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property tax	\$ 2,283,728	\$ 1,319,642	\$ 1,303,020	\$ 4,906,390
Sales tax	6,966,781	-	1,734,221	8,701,002
Franchise tax	4,406,748	-	-	4,406,748
Licenses and permits	884,225	-	-	884,225
Intergovernmental	2,419,307	-	2,535,279	4,954,586
Administrative fees	1,783,657	-	-	1,783,657
Charges for services	2,858,923	-	1,582,805	4,441,728
Fines	806,024	-	34,480	840,504
Investment earnings	45,182	2,353	44,880	92,415
Contributions from private sources	18,050	-	60,966	79,016
Miscellaneous	249,046	44,791	94,231	388,068
Total revenues	<u>22,721,671</u>	<u>1,366,786</u>	<u>7,389,882</u>	<u>31,478,339</u>
EXPENDITURES				
Current:				
General government	5,453,694	-	-	5,453,694
Public safety	8,573,006	-	971,271	9,544,277
Public works	5,420,408	308,520	1,949,834	7,678,762
Parks, recreation and culture	2,717,303	-	2,478,082	5,195,385
Debt service:				
Principal	1,347,365	568,293	-	1,915,658
Interest	863,714	179,425	-	1,043,139
Capital outlay:				
General government	10,805	-	-	10,805
Public safety	363,518	-	465,891	829,409
Public works	351,083	32,890	869,646	1,253,619
Parks, recreation and culture	110,970	-	990,087	1,101,057
Total expenditures	<u>25,211,866</u>	<u>1,089,128</u>	<u>7,724,811</u>	<u>34,025,805</u>
Revenues over (under) expenditures	<u>(2,490,195)</u>	<u>277,658</u>	<u>(334,929)</u>	<u>(2,547,466)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,847,520	-	640,457	6,487,977
Transfers out	(1,018,947)	(3,087,859)	(139,986)	(4,246,792)
Debt proceeds	269,387	-	-	269,387
Sale of fixed assets	28,422	48,531	18,386	95,339
Total other financing sources (uses)	<u>5,126,382</u>	<u>(3,039,328)</u>	<u>518,857</u>	<u>2,605,911</u>
Net change in fund balances	<u>2,636,187</u>	<u>(2,761,670)</u>	<u>183,928</u>	<u>58,445</u>
Fund balances, beginning	<u>1,227,761</u>	<u>1,213,246</u>	<u>2,211,386</u>	<u>4,652,393</u>
Fund balances, ending	<u>\$ 3,863,948</u>	<u>\$ (1,548,424)</u>	<u>\$ 2,395,314</u>	<u>\$ 4,710,838</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

Net changes in fund balances - total governmental funds \$ 58,445

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,194,890	
Depreciation expense	(4,024,432)	
Total		(829,542)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.

Donated capital assets	2,155,165	
Loss on disposal of assets	108,964	
Total		2,264,129

Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds.

Net decrease in deferred revenues	(1,087,954)	(1,087,954)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of long-term debt	(269,387)	
Retirement of long-term debt	1,915,658	
Amortization	(20,079)	
Total		1,626,192

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(31,622)	
Accrued interest	48,066	
Total		16,444

An internal service fund is used by management to charge the cost of information systems to individual funds. The net expense of the internal service fund is reported with governmental activities.

Net expenses of internal service funds	(476,695)	
Total		(476,695)

Change in net assets of governmental activities	\$ 1,571,019
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The accompanying notes are an integral part of this statement.

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Proprietary Fund Financial Statements

Water and Sewer Fund

Sewer Treatment Fund

Electric Fund

Environmental Health Fund

Storm Water Management Fund

Golf Course Fund

Information Services Internal Service Fund

City of Logan
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities - Enterprise Funds						Governmental Activities - Information Services ISF
	Water and Sewer	Sewer Treatment	Electric	Health	Storm Water Management	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 553,382	\$ -	\$ 954,245	\$ 974,545	\$ -	\$ 2,482,172	\$ 614,980
Interfund receivables - pooled cash	-	-	-	1,732,083	-	1,732,083	-
Accounts receivable (net of allowance)	564,793	188,402	2,721,402	649,339	-	4,123,936	-
Due from other funds	123,365	-	293,400	2,889,084	-	3,305,859	-
Due from other governmental units	-	144,841	-	58,691	-	203,532	-
Inventory	358,398	-	847,784	-	-	1,271,738	-
Total current assets	1,599,938	333,243	4,516,831	8,303,732	-	13,119,300	614,980
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	2,491,575	328,069	49	1,384,427	146,462	4,500,987	-
Deferred assets	106,495	121,147	138,746	-	-	416,440	-
Intangible assets	-	-	77,828	-	-	77,828	-
Capital assets:							
Land	352,607	1,730,104	571,752	1,220,931	-	5,241,821	-
Buildings	1,131,060	278,312	4,892,706	4,111,445	-	10,983,607	-
Improvements other than buildings	28,671,324	14,308,037	11,018,962	1,591,683	1,288,613	58,428,695	-
Machinery and equipment	5,290,213	1,868,868	29,504,137	6,872,084	-	43,930,857	1,128,245
Less accumulated depreciation	(10,628,368)	(2,885,678)	(21,505,746)	(4,048,775)	(711,872)	(41,400,486)	(1,052,433)
Work in progress	3,451,377	-	-	-	-	3,451,377	-
Total noncurrent assets	28,868,283	15,746,858	24,698,432	11,131,995	703,393	85,631,124	75,812
Total assets	30,488,221	16,080,101	29,515,263	17,435,727	703,393	98,750,424	690,792
LIABILITIES							
Current liabilities:							
Interfund payables - pooled cash	1,099,715	437,927	-	-	192,198	1,732,063	-
Accounts payable	198,685	59,746	3,735,015	114,907	-	4,127,516	15,246
Leases payable	-	-	46,390	77,441	-	123,831	-
Due to other funds	86,020	1,000,000	-	-	222,446	1,308,466	-
Other accrued liabilities	47,263	6,532	258,834	94,708	-	432,906	16,739
Compensated absences	89,259	12,512	173,950	193,222	-	493,848	39,607
Payable from restricted assets:							
Bonds payable	556,000	1,130,000	790,000	-	-	2,798,000	-
Interest payable	58,547	15,870	88,175	10,383	-	188,160	-
Total current liabilities	2,107,489	2,662,587	5,090,364	490,681	384,642	11,202,780	71,582
Noncurrent liabilities:							
Leases payable	-	-	88,107	250,433	-	348,540	-
Bonds payable	7,178,000	7,800,000	5,310,000	-	-	22,028,000	-
Due to other governmental units	-	-	-	-	142,000	142,000	-
Landfill closure/postclosure costs	-	-	-	3,566,587	-	3,566,587	-
Total noncurrent liabilities	7,178,000	7,800,000	5,408,107	3,817,020	142,000	28,085,127	-
Total liabilities	9,285,489	10,462,587	10,498,471	4,307,681	526,642	37,287,917	71,582
NET ASSETS							
Invested in capital assets, net of related debt	19,625,796	6,488,789	18,376,060	5,853,107	414,941	53,030,441	75,812
Restricted for debt	1,506,487	328,069	49	1,384,427	146,462	3,515,898	-
Unrestricted	50,449	(1,199,344)	640,683	5,890,512	(384,842)	4,916,167	543,388
Total net assets	\$ 21,182,732	\$ 5,617,514	\$ 19,016,792	\$ 13,128,046	\$ 178,751	\$ 61,462,507	\$ 619,200

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Net Assets
of Proprietary Funds to the Statement of Net Assets
June 30, 2005

Total net assets for proprietary funds	\$ 61,462,507
Internal service fund allocation for prior year	57,477
Internal service fund allocation for current year	(5,793)
	<hr/>
Total business-type net assets	<u><u>\$ 61,514,191</u></u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities - Information Services ISF
	Water and Sewer	Sewer Treatment	Electric	Environmental Health	Storm Water Management	
Operating revenues:						
Charges for sales and services	\$ 6,538,823	\$ 2,910,133	\$ 27,366,444	\$ 7,753,488	\$ -	\$ 994,735
Unbilled sales	205,622	23,230	885,828	-	-	-
Connection fees	299,135	-	284,025	-	-	-
Total operating revenues	<u>7,043,580</u>	<u>2,933,363</u>	<u>28,536,097</u>	<u>7,753,488</u>	<u>-</u>	<u>994,735</u>
Operating expenses:						
Personal services	1,339,183	218,904	2,323,476	2,486,994	-	476,895
Administrative fees	563,457	-	588,180	586,020	-	-
Contractual services	427,621	112,373	20,622	282,700	-	4,811
Operating and maintenance	1,394,190	463,453	21,651,252	1,568,449	-	488,148
Landfill closure/postclosure costs	-	-	-	557,602	-	-
Depreciation and amortization	901,604	379,762	1,733,398	922,816	31,156	-
Total operating expenses	<u>4,626,055</u>	<u>1,174,492</u>	<u>26,316,928</u>	<u>6,404,581</u>	<u>31,156</u>	<u>61,487</u>
Operating income (loss)	<u>2,417,525</u>	<u>1,758,871</u>	<u>2,219,169</u>	<u>1,348,907</u>	<u>(31,156)</u>	<u>1,031,341</u>
Nonoperating revenues (expenses):						
Intergovernmental revenue	164,000	-	-	-	-	-
Interest	39,240	4,198	5,458	33,233	4,452	7,133
Gain (loss) on sale of assets	(65,603)	(3,943)	(131,090)	(20,233)	-	(158,842)
Miscellaneous	98,395	-	119,272	307,494	-	5,827
Capital improvement development fees	112,625	-	-	-	-	-
Interest expense and fiscal charges	(291,999)	(413,429)	(211,249)	(10,383)	-	-
Total nonoperating revenue (expense)	<u>56,658</u>	<u>(413,174)</u>	<u>(217,609)</u>	<u>310,111</u>	<u>4,452</u>	<u>(145,882)</u>
Income (loss) before transfers	<u>2,474,183</u>	<u>1,345,697</u>	<u>2,001,560</u>	<u>1,659,018</u>	<u>(26,704)</u>	<u>(182,488)</u>
Transfers in	-	-	-	-	-	-
Transfers out	(1,265,371)	-	(3,055,473)	(1,086,690)	-	-
Capital contributions	3,218,024	-	-	-	-	(300,000)
Change in net assets	4,426,836	1,345,697	(1,053,913)	572,328	58,905	-
Total net assets, beginning	16,755,986	4,271,817	20,070,705	12,555,718	144,550	(482,488)
Total net assets, ending	<u>\$ 21,182,732</u>	<u>\$ 5,617,514</u>	<u>\$ 19,016,792</u>	<u>\$ 13,128,046</u>	<u>\$ 176,751</u>	<u>\$ 619,200</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenses, and Changes
in Fund Net Assets of Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2005

Total changes in net assets proprietary funds	\$ 5,431,507
Internal service fund allocation for current year	(5,793)
Total changes in business-type net assets	<u>\$ 5,425,714</u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities - Information Services ISF
	Water and Sewer	Sewer Treatment	Electric	Environmental Health	Storm Water Management	Total
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 7,166,153	\$ 2,951,192	\$ 28,694,060	\$ 7,756,235	\$ -	\$ 47,388,213
Payments to suppliers	(1,725,126)	(525,297)	(22,077,110)	(1,863,832)	(4,571)	(26,546,016)
Payments to employees	(1,320,285)	(209,661)	(2,111,913)	(2,449,413)	-	(6,500,926)
Payments for interfund services used	(593,457)	-	(588,180)	(588,020)	-	(1,737,857)
Net cash provided by (used in) operating activities	3,557,285	2,216,214	3,916,857	2,856,970	(4,571)	12,573,614
Cash Flows From Non-Capital Financing Activities						
Miscellaneous income	98,395	927,148	119,489	378,410	-	1,524,987
Transfers from (to) other funds	(1,265,371)	-	(3,055,473)	(1,086,690)	-	(5,028,044)
Capital improvement development fees	112,625	-	-	-	-	112,625
Changes to interfund receivables and payables	1,403,784	103,858	153,450	(2,452,526)	85,014	(719,588)
Net cash provided (used) by non-capital and related financing activities	349,433	1,031,006	(2,782,534)	(3,160,806)	85,014	(294,173)
Cash Flows From Capital and Related Financing Activities						
Proceeds from capital grants	184,000	-	-	-	-	184,000
Proceeds from sale of capital assets	-	-	5,000	174,029	-	179,529
Purchases of capital assets	(4,231,661)	(1,706,971)	(792,909)	(1,580,055)	(80,443)	(8,401,939)
Proceeds from issuance of debt	2,796,000	-	144,497	327,874	-	3,268,371
Principal paid on debt	(380,000)	(1,130,000)	(1,862,856)	-	(936)	(3,490,788)
Interest and fees paid on capital debt	(243,530)	(414,918)	(278,616)	-	-	(1,008,698)
Net cash provided (used) by capital and related financing activities	(1,895,191)	(3,251,889)	(2,584,684)	(1,078,152)	(81,379)	(9,289,525)
Cash Flows From Investing Activities						
Interest and dividends received	39,503	4,526	6,614	33,233	4,452	93,676
Net cash provided (used) by investing activities	39,503	4,526	6,614	33,233	4,452	93,676
Net increase (decrease) in cash and cash equivalents	2,081,030	(143)	(1,443,747)	(1,348,755)	3,516	(733,255)
Cash and cash equivalents - beginning	993,927	328,212	2,398,041	3,707,727	142,936	7,716,414
Cash and cash equivalents - ending	\$ 3,044,957	\$ 328,069	\$ 954,294	\$ 2,358,972	\$ 146,452	\$ 6,983,159
Shown in the financial statements as:						
Cash and cash equivalents	\$ 553,382	\$ -	\$ 954,245	\$ 974,545	\$ -	\$ 2,482,172
Restricted cash and cash equivalents	2,491,575	328,069	49	1,384,427	146,452	4,500,987
Total	\$ 3,044,957	\$ 328,069	\$ 954,294	\$ 2,358,972	\$ 146,452	\$ 6,983,159
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	2,417,525	1,758,871	2,219,169	1,348,907	(31,156)	7,577,109
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization expenses	901,604	379,762	1,733,398	922,816	31,156	4,114,978
(Increase) decrease in receivables	122,573	17,829	157,963	2,747	-	301,112
(Increase) decrease in inventories	77,209	-	(110,503)	-	-	(22,794)
Increase (decrease) in accounts payable	19,476	50,529	(294,733)	(12,883)	(4,571)	(238,018)
Increase (decrease) in accrued expenses	18,898	9,223	211,563	37,581	-	283,625
Increase (decrease) in landfill closure costs	-	-	-	557,802	-	557,802
Total adjustments	1,139,760	457,343	1,697,688	1,508,063	26,585	4,996,505
Net cash provided by (used in) operating activities	\$ 3,557,285	\$ 2,216,214	\$ 3,916,857	\$ 2,856,970	\$ (4,571)	\$ 12,573,614
Noncash Transactions						
Contribution of fixed assets	\$ 3,218,024	\$ -	\$ -	\$ -	\$ 58,905	\$ 3,276,929
Electric bond refunding	-	-	(6,100,000)	-	-	(6,100,000)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 1 -Summary of Significant Accounting Policies

Reporting Entity

The City of Logan, Utah (the City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the primary government and its component units. Blended component units, although legally separate entities are, in substance, part of the City's operations.

Blended Component Units

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The City has adopted redevelopment plans for the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main, and the Logan North Retail redevelopment project areas, and the Logan 600 West Economic Development project area. The financial statements of the Redevelopment Agency are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) and are included as a major governmental fund.

The City established the Logan City Housing Authority pursuant to state code. The Mayor subsequently appointed members of the City Council as the Board of Commissioners. Originally the Housing Authority was established to receive and administer federal funds for low cost income rental subsidization. The financial statements of the Housing Authority are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) as a nonmajor governmental fund.

The City established a Municipal Building Authority pursuant to state code. The Governing Board of the Building Authority is comprised of the Mayor and members of the City Council. The purpose of the Authority is to serve the City as a financing agency for debt financed projects. During fiscal year 2004, all remaining assets and liabilities of the Authority were transferred to the general fund, and the Authority was placed into dormancy. The only debt outstanding at that time was the State Permanent Community Impact Bonds. As both the dollar amount outstanding as well as the annual debt service on these bonds are insignificant, the decision was made to service these bonds out of the general fund.

Interlocal Agreements

The City has entered into interlocal agreements with Cache County, Logan City School District, and various other municipalities within the county to provide services or operate facilities. The following is a description of the significant agreements:

Logan-Cache Airport Authority

The Logan-Cache Airport Authority was organized as a separate legal entity to provide airport services to the entire Cache County area. The airport is jointly funded by the City of Logan and Cache County. The Authority is governed by a board composed of 7 members; the Logan Mayor (or designee), the Cache County Executive (or designee), 2 members appointed by the City of Logan, 2 members appointed by Cache County, and one member elected at large from the previously mentioned 6 members. The City also participates by contributing a fixed sum of money according to the agreement, as does the County. The Authority is included as a component unit of Cache County.

Cache County Emergency Medical Services Authority (CCEMS)

CCEMS was organized as a separate legal entity to provide emergency medical services to the residents of Cache County. CCEMS began operations on January 1, 2005. The responsibility for financial management of CCEMS is retained by the governing board composed of 3 members from Cache County, 3 members from the City of Logan, and one member elected at-large from one of the other affected municipalities. According to the agreement, the Authority is included as a component unit of Cache County. The City is expressly not obligated for CCEMS debt. Through the agreement, the City is compensated a set fee for emergency medical services provided to county residents.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

North Park Interlocal Cooperative (NPIC)

NPIC was organized as a separate legal entity to facilitate the construction of a recreational ice arena. The cooperative members are Cache County, Hyde Park City, the City of North Logan, and the City of Logan. Cache County appoints 3 board members and each city appoints 2 board members. The primary funding of the NPIC is from an allocation of restaurant tax collections from Cache County and dedicated sales tax collections from the other cities within the county limits, including the City of Logan. The County has entered into covenants to account for the dedicated sales tax collections. NPIC is included as a component unit of Cache County. NPIC has issued \$2,017,000 in revenue bonds. At the time of issuing the bonds, NPIC entered into a lease agreement with members of NPIC with the annual rent to be paid from the dedicated tax allocations described above. The City is not obligated on the debt beyond the dedicated sales tax.

Willow Park Complex Interlocal Agreement

The willow park complex agreement was created for the operation of the Logan-Cache fairgrounds, Willow Park, Willow Park Zoo, Willow Park Sports Complex, and Fairview Park. The agreement calls for the City of Logan and the County to share the costs of operation equally. The willow park fund is a nonmajor governmental fund of the City of Logan.

Logan Community Recreation Center Joint Use and Operations Agreement

The City of Logan and the Logan City School District have agreed to share in the maintenance of the recreation center. The City provides for the operating expenses and is entitled to the operating revenue. The City and the school district share equally in the maintenance of the building, and as a result the district is able to use the facility for educational purposes. The City and the School District agree to the maintenance budget each year. The recreation center maintenance fund is a nonmajor governmental fund of the City of Logan.

Utah Associated Municipal Power Systems (UAMPS)

The City is a participant with 48 other members in UAMPS. UAMPS is a governmental agency that provides comprehensive wholesale electric services, on a nonprofit basis, to municipalities throughout the Intermountain West. UAMPS members include 38 municipalities, one joint action agency, one electric service district, 3 public utility districts, 3 water conservancy districts, one cooperative and one non-profit corporation. The members are located in Utah, Arizona, Idaho, Nevada, New Mexico, and California. Together they supply energy services to nearly 150,000 business and residential customers. UAMPS is a stand-alone government that issues its own financial statements. For a copy of their financial statements contact UAMPS at 2825 Cottonwood Parkway, Suite 200, Salt Lake City, Utah, 84121, or call 1-800-872-5961, or visit their website at www.uamps.com. For more information regarding the City's contracts with UAMPS, see NOTE 19.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The statement of activities is presented to show the extent program revenues of a given activity support direct expenses. Direct expenses are those that are clearly identifiable with a specific activity or program. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given activity or program, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular activity or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The only exception is property taxes receivable for property taxes dedicated to the Parks and Recreation General Obligation Bond. The bond payment is due on June 15th and the property taxes are collected in December. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and intergovernmental revenue are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

Major Governmental Funds

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency accounts for the activities of the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main and the Logan North Retail redevelopment project areas, and the Logan 600 West economic development area.

Major Proprietary Funds

The water and sewer fund accounts for the activities associated with the water distribution system and the sewage pumping stations and collection systems.

The sewer treatment fund accounts for the activities associated with operating a sewer lagoon and wetland system.

The electric fund accounts for electric generation and distribution operations.

The environmental health fund accounts for the activities associated with refuse collection for all of Cache County. The environmental health fund also manages and operates a landfill.

The storm water management fund accounts for the collection and management of storm water runoff.

The golf course fund accounts for the operation of the Logan River Golf Course.

The information services fund is an internal service fund that accounts for the cost of providing information services to the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are for charges for the City's water and sewer, electric, and

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

environmental health services to the various other departments of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of U.S. Treasury, certificates of deposit, and the State Treasurers' Investment Pool. The State Treasurers' Investment Pool is classified as cash and cash equivalents in the financial statements.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurers' Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is approximately the same as the fair value of the pool shares.

The City Treasurer invests all temporarily idle cash. The majority of the City's cash is invested through the Utah State Treasurers Investment Pool and any remaining balances are transferred into an interest bearing sweep account at the end of each business day. The City also invests in other interest earning investments that are approved under the Utah Money Management Act.

Most bond funds are not under the control of the City Treasurer. These amounts are invested by the bond trustee in accordance with the terms of the bond resolutions, which designate the types of investments in which idle funds may be placed.

Interest earnings on the general investment account under the control of the City Treasurer are credited to the General Fund and are redistributed to various funds at the end of the fiscal year.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other outstanding balances between funds are reported as "interfund receivables/payables - pooled cash" and represent residual balances outstanding between the governmental activities and business-type activities for pooled cash activities. All interfund loans are considered current.

Receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical information.

Property Taxes

All taxable property is required to be assessed and taxed at a uniform and equal rate based on its fair market value. The State Tax Commission is required to assess certain types of property including public utilities and mining

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NOTES TO THE FINANCIAL STATEMENTS

property. The County Assessor is required to assess all other taxable property. Both entities are required to assess properties prior to January 1, the assessment date. The County is required to complete the tax rolls by May 15. Property taxes are levied through the passage of a resolution by the City Council in June of each year. By July, 21, the County is to mail assessed value and tax notices to property owners. After the time of petition, tax notices are mailed to property owners with a due date of November 30.

Inventory

Inventory held by the enterprise funds and the general fund is valued using the weighted average method, which approximates cost. Inventory held in the other funds is insignificant and is expensed.

Restricted Assets

Certain proceeds of the City's funds, as well as certain resources set aside for debt repayment, are classified as restricted assets on the balance sheet. These funds are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repair that does not add to the value of the asset or materially extend the asset life is expensed.

Major outlays for capital assets and improvements are capitalized as assets are constructed or purchased. Interest incurred during the construction phase of a capital asset is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset	Useful Life
Buildings	20 to 30 years
Improvements	50 years
Infrastructure	20 to 50 years
Equipment	5 to 10 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are

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NOTES TO THE FINANCIAL STATEMENTS

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Note 2 - Compliance and Accountability

Budgetary Data

The City is required by state statute and the Uniform Fiscal Procedures Act for Utah Cities to adopt annual budgets for the general fund, special revenue funds, capital projects funds, and enterprise funds. Budgets for the general fund, special revenue funds and capital projects funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the enterprise funds are prepared on the accrual basis with the exception that depreciation expense is not fully budgeted and capital outlay is a budgeted expense. These budgets are, therefore, adopted on a Non-GAAP basis.

On or before May 1st, the Mayor submits to the City Council a proposed budget for the fiscal year beginning July 1st. The budget includes proposed expenditures or expenses and the means of financing them. Prior to formal adoption of the budget, the Council holds budget workshop meetings, which are open to the public. In addition, the Council holds a public hearing at which time taxpayer comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the public hearing. At the conclusion of the hearings on or before June 22nd, the budget as amended is legally adopted through the passage of a resolution.

The Uniform Fiscal Procedures Act for Utah Cities states that a city can appropriate the portion of the fund balance that exceeds 5 percent of the estimated revenues of the general fund. The accumulated fund balance cannot exceed 18 percent of estimated revenues. If the general fund fund balance exceeds 18 percent of the estimated revenues, a city is required to include that portion that exceeds 18 percent in the subsequent year's expenditure budget. Until the unreserved fund balance exceeds the 5 percent minimum, it may only be used for working capital or emergency needs.

During a fiscal year, departments may make transfers of appropriations within a department with the approval of the Mayor. Transfers of appropriations between departments, however, require the approval of the Council. In addition, if a department desires to exceed its total budget appropriation, a budget resolution amending the original adopted budget must be passed by the Council. Public hearings are required on all such amendments to the original adopted budget.

All unencumbered and unexpended appropriations lapse at year-end. The City will carry forward specific encumbrances on a case-by-case basis.

Excess of Expenditures/Expenses Over Appropriations

Section 10-6-123 of Utah Code Annotated, requires that for governmental funds "City Officers shall not make or incur expenditures/expenses or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended." The City Council requires accountability at the division level for the general fund and the department level for all other funds. Some divisions or departments have exceeded appropriations and they are as follows:

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Fund	Excess
General	
Workers compensation	\$ 17,603
Safety and emergency management	15,527
Community service fees	3,580
Aquatic center	29,421
Debt service	11,741
Housing authority	4,874

The following funds have a deficit in fund balance as of June 30, 2005.

Fund	Deficit
Redevelopment agency	\$ 1,548,424
Capital projects	833,462
Special improvement	253,744
Willow park	206,157

The redevelopment agency fund promotes economic development through the granting of incentives and other activities. The agency has borrowed money through issuing bonds and obtaining interfund loans. The agency is expected to operate at a deficit until which time it is able to pay back loans as tax increment is generated and collected.

The capital projects fund borrowed money from the environmental health fund to purchase land for development. The loan was for \$1,020,000. As the capital projects fund is a governmental fund, the interfund loan was recorded as a payable and the land was recorded as a capital outlay expenditure. It is expected that the loan will be paid from proceeds obtained when the land is sold.

The special improvement fund was used to account for the construction costs associated with the downtown business improvement district. Due to the timing of events, the City was unable to secure financing prior to year end. Subsequent to year end, the City obtained a note to reimburse the fund for construction costs. Assessments will be collected from individual property owners to cover the debt service on the note.

The willow park fund deficit is associated with operating activities in prior years. The City and Cache County have agreed to share in the deficit. It is expected that the County will repay their portion in fiscal year 2006, and the City will repay their portion over a 5 year period.

Note 3 - Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted by the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City of Logan follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2005, \$1,965,846 of the City's bank balances of \$2,065,846 was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

State statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares of certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

The City has investments held by a trustee in a money market mutual fund (MMMF). The mutual fund invests exclusively in United States Government securities.

As of June 30, 2005, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
PTIF	\$ 11,214,169	\$ 11,214,169	\$ -	\$ -	\$ -
MMMF	834,556	834,556	-	-	-
Total	<u>\$ 12,048,725</u>	<u>\$ 12,048,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable

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deposits, and fixed rate corporate obligations to 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At June 30, 2005, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF	\$ 11,214,169	\$ -	\$ -	\$ -	\$ 11,214,169
MMMF	834,556	-	-	-	834,556
Total	<u>\$ 12,048,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,048,725</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Public Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 to 10 percent depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. As of June 30, 2005, the City had \$1,297,055 in the PTIF and \$834,556 in a MMMF, which were held by the counterparty's trust department or agent but not in the government's name.

Note 4 - Receivables

Allowances for doubtful accounts are as follows:

Allowances related to water and sewer receivables	\$ 34,000
Allowances related to electric receivables	70,000
Allowances related to environmental health receivables	12,000
Total uncollectibles	<u>\$ 116,000</u>

Receivables not expected to be collected within one year include the following:

General fund notes	\$ 169,020
RDA notes	1,091,508
Other governmental fund notes	235,761
Total receivable not expected to be collected in 1 year	<u>\$ 1,260,528</u>

The RDA has 6 notes receivable from specific businesses located in the Northwest RDA. As part of agreements to develop land, the RDA sold land in exchange for a note receivable. The notes are to be forgiven as increment is collected from the development of the land. If the business fails to generate property tax increment sufficient to cover the note, the business is responsible for the repayment.

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Revenues of the water and sewer, electric, and environmental health funds are recorded net of uncollectible amounts. The total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer charges	\$ 40,962
Uncollectibles related to electric sales	76,319
Uncollectibles related to environmental health charges	13,928
Total uncollectibles	<u>\$ 131,209</u>

Governmental funds report deferred revenue in connection with accounts receivable that are not considered to be available (not collected within 60 days of year end) to liquidate liabilities of the current period. Governmental funds also defer revenue in connection with resources that have been received, but are intended to be used in another period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Fund	Unavailable	Unearned
General fund:		
Property taxes	\$ 1,712,858	\$ -
July 4th fireworks donations	-	4,000
Economic development loans	189,687	-
Justice court bail	-	26,163
Redevelopment agency fund		
Notes receivable	1,195,104	-
Property taxes	1,325,000	-
Other governmental funds		
Property taxes	924,402	-
RAPZ Tax	-	107,012
Assessments receivable	253,744	-
Total	<u>\$ 5,600,795</u>	<u>\$ 137,175</u>

Note 5 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2005 is as follows:

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NOTES TO THE FINANCIAL STATEMENTS

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 14,319,823	\$ 559,525	\$ (649,934)	\$ 14,229,414
Book collection	-	1,700,000	-	1,700,000
Construction in progress	1,209,250	1,512,500	(1,854,652)	867,098
Total capital assets, not being depreciated	15,529,073	3,772,025	(2,504,586)	16,796,512
Capital assets, being depreciated:				
Buildings	30,854,580	1,351,101	(11,852)	32,193,829
Improvements other than buildings	8,777,366	184,823	(52,661)	8,909,528
Machinery and equipment	19,607,258	766,749	(2,515,795)	17,858,212
Infrastructure	28,764,487	1,142,724	-	29,907,211
Total capital assets being depreciated	88,003,691	3,445,397	(2,580,308)	88,868,780
Less accumulated depreciation for:				
Buildings	(13,334,435)	(1,726,786)	10,265	(15,050,956)
Improvements other than buildings	(843,787)	(183,950)	16,734	(1,011,003)
Machinery and equipment	(13,135,941)	(1,579,764)	1,862,905	(12,852,800)
Infrastructure	(19,603,609)	(595,419)	-	(20,199,028)
Total accumulated depreciation	(46,917,772)	(4,085,919)	1,889,904	(49,113,787)
Total capital assets, being depreciated, net	41,085,919	(640,522)	(690,404)	39,754,993
Governmental activities capital assets, net	\$ 56,614,992	\$ 3,131,503	\$ (3,194,990)	\$ 56,551,505

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,957,194	\$ 292,127	\$ (7,500)	\$ 5,241,821
Construction in progress	6,897,342	9,100,490	(12,546,455)	3,451,377
Total capital assets, not being depreciated	11,854,536	9,392,617	(12,553,955)	8,693,198
Capital assets, being depreciated:				
Buildings	10,029,039	961,650	(7,082)	10,983,607
Improvements other than buildings	47,107,557	11,357,090	(35,952)	58,428,695
Machinery and equipment	44,612,681	2,519,522	(3,201,346)	43,930,857
Total capital assets being depreciated	101,749,277	14,838,262	(3,244,380)	113,343,159
Less accumulated depreciation for:				
Buildings	(3,293,248)	(492,899)	5,904	(3,780,243)
Improvements other than buildings	(13,886,132)	(1,079,244)	14,513	(14,950,863)
Machinery and equipment	(23,000,115)	(2,423,820)	2,754,555	(22,669,380)
Total accumulated depreciation	(40,179,495)	(3,995,963)	2,774,972	(41,400,486)
Total capital assets, being depreciated, net	61,569,782	10,842,299	(469,408)	71,942,673
Business-type activities capital assets, net	\$ 73,424,318	\$ 20,234,916	\$ (13,023,363)	\$ 80,635,871

During the year, a genealogical book collection was donated to the City worth \$1,700,000. The collection is considered inexhaustible and, therefore, is not depreciated.

Depreciation expense is charged to functions / programs of the primary government as follows:

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Governmental activities:	
General government	\$ 20,661
Public safety	880,613
Highways and streets, and general infrastructure assets	2,627,824
Parks, recreation and culture	495,334
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	61,487
Total depreciation expense - governmental activities	<u>\$ 4,085,919</u>
Business-type activities:	
Water and sewer	\$ 893,084
Sewer treatment	365,473
Electric utility	1,645,897
Environmental health	922,816
Storm water management	31,156
Golf Course	137,537
Total depreciation - business-type activities	<u>\$ 3,995,963</u>

Construction commitments

The City has active construction projects as of June 30, 2005. At fiscal year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Northwest Park	\$ 829,349	\$ 93,191
5.65 Million Gallon Water Tank	3,165,411	2,804,713
200 W 1950 N Airport Waterline Replacement	230,559	343,213

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from Other Funds:			Not Expected to be Repaid Within 1 Year
Receivable Fund	Payable Fund	Amount	
General	Redevelopment agency	\$ 237,455	\$ 75,000
	Water and sewer	86,020	-
Water and sewer	Redevelopment agency	123,365	123,365
	Redevelopment agency	293,400	293,400
Electric	General	398,048	223,048
Environmental health	Capital projects	1,020,000	-
	Sewer treatment	1,000,000	800,000
	Redevelopment agency	248,600	248,600
	Storm water	222,446	177,957
Other governmental	Redevelopment agency	50,000	50,000
	Total	<u>\$ 3,679,334</u>	<u>\$ 1,991,370</u>

Due to/from balances result from interfund loans and are considered current.

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Interfund Pooled Cash:		
Receivable Fund	Payable Fund	Amount
Environmental health	Water and sewer	\$ 1,069,715
	Sewer treatment	437,927
	Golf	62,225
	Storm water	162,196
Other governmental	Redevelopment agency	447,629
	Other governmental	716,385
Total		\$ 2,896,077

Interfund pooled cash balances result from the sharing of a common bank account for maximizing interest earnings. These amounts are liquidated regularly based on cash flows within the funds.

Interfund Transfers:				
Transfers Out	Transfers In:			Total
	General Fund	Nonmajor Governmental	Enterprise Funds	
General fund	\$ -	\$ 640,457	\$ 378,490	\$ 1,018,947
Redevelopment agency	-	-	3,087,859	3,087,859
Nonmajor governmental	139,986	-	-	139,986
Water and sewer	1,265,371	-	-	1,265,371
Electric utility	3,055,473	-	-	3,055,473
Environmental health	1,086,690	-	-	1,086,690
Internal service	300,000	-	-	300,000
Total	\$ 5,847,520	\$ 640,457	\$ 3,466,349	\$ 9,954,326

The City routinely budgets transfers to various funds to finance operating costs in those funds. In addition, the City routinely transfers amounts from the enterprise funds to the general fund as a return on investment for those operations.

During the year, one capital transfer was made. A sewer lift station was constructed in the Logan River RDA. Those assets were subsequently transferred to the water and sewer fund in the amount of \$3,087,859. This amount is shown as a transfer in to the enterprise funds in the table above. However, on the proprietary fund statements it is shown as a capital contribution.

Note 7 - Intangible Assets

The electric fund purchased from the following municipalities a portion of their allocated power rights in the Hunter II Electric Generating Plant:

Acquired From:	Purchase Price	Kilowatts
Beaver City	\$ 147,351	1,000
Monroe City	58,280	400
Kanosh City	27,909	153
Heber City	100,000	1,000
Total	333,540	2,553
Less: accumulated amortization	(255,714)	
Net intangible assets	\$ 77,826	

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The power rights are amortized over a 30-year period beginning with the 1982-83 fiscal year, which corresponds to the length of the \$77,028,268 Utah Associated Power Systems Hunter Project Revenue Bonds.

Note 8 - Leases

Operating Leases

The City leases 10 copy machines under cancelable operating leases. Total cost for the leases was \$35,037 for the fiscal year ended June 30, 2005. The City police department leases 4 motorcycles under a noncancelable operating lease. This lease agreement is for a two-year period. The annual lease payments are \$7,680.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of a document center, various vehicles, and land. The terms of these leases range from three to seven years with interest rates from 3.30 to 6.15 percent. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
Land	\$ 82,991	\$ -
Machinery and equipment	2,526,636	532,370
Less: accumulated depreciation	(1,231,230)	(69,018)
Total	\$ 1,378,397	\$ 463,352

The future minimum lease obligations as of June 30, 2005 are as follows:

Year Ended June 30	Governmental Activities	Business-type Activities
2006	\$ 562,956	\$ 141,752
2007	512,720	141,752
2008	430,389	141,753
2009	125,212	89,901
2010	94,385	-
2011-2015	59,657	-
Total minimum lease payments	1,785,319	515,158
Less: amounts representing interest	(144,603)	(42,787)
Present value of minimum lease payments	\$ 1,640,716	\$ 472,371

Note 9 - Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for fiscal year ended June 30, 2005, is as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 6,875,000	\$ -	\$ (320,000)	\$ 6,555,000	\$ 335,000
Revenue bonds	14,719,000	-	(887,000)	13,832,000	954,000
Plus deferred amounts:					
Premium	85,145	-	(6,678)	78,467	-
Total bonds payable	21,679,145	-	(1,213,678)	20,465,467	1,289,000
Capital leases	1,929,396	219,387	(508,067)	1,640,716	502,339
Notes payable	938,138	50,000	(51,064)	937,074	571,387
Incentive contracts	2,294,032	1,241,308	(279,440)	3,255,900	-
Compensated absences	1,168,780	-	(29,689)	1,139,091	1,139,091
Governmental activity long-term liabilities	<u>28,009,491</u>	<u>1,510,695</u>	<u>(2,081,938)</u>	<u>27,438,248</u>	<u>3,501,817</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	25,353,000	8,896,000	(9,423,000)	24,826,000	2,798,000
Total bonds payable	25,353,000	8,896,000	(9,423,000)	24,826,000	2,798,000
Capital leases	7,196	472,371	(7,196)	472,371	123,831
Compensated absences	453,222	40,626	-	493,848	493,848
Business-type activity long-term liabilities	<u>\$ 25,813,418</u>	<u>\$ 9,408,997</u>	<u>\$ (9,430,196)</u>	<u>\$25,792,219</u>	<u>\$ 3,415,679</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In 1999 the City issued \$8,390,000 in Parks and Recreation General Obligation Bonds for the construction of parks, trails, a skate park, and an outdoor swimming pool facility, which are related to governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 335,000	\$ 339,934
2007	350,000	323,184
2008	370,000	305,684
2009	385,000	287,184
2010	405,000	267,741
2011-2015	2,350,000	1,008,618
2016-2020	2,360,000	324,036
Total	<u>\$ 6,555,000</u>	<u>\$ 2,856,381</u>

Revenue Bonds

The City issues revenue bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities.

In July 2004, the City issued \$6,100,000 in Electric Revenue Refunding Bonds. Proceeds from the bonds were used to refund all of the outstanding 2001 Electric Revenue Bonds. The bonds bear interest rates of 3.00 to 3.50 percent.

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The refunding will save the City \$480,396 of debt service expense over the life of the bonds, and resulted in an economic gain of \$333,519.

In September 2004, the City authorized the issuance of \$5,000,000 in Water Revenue Bonds. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking Water Board and funds were to be delivered to the City through a process of advances into a trustee account as expenses were incurred. The State Drinking Water Board also agreed to forgive 8 percent of the incremental bond issuance or \$400,000 of debt, for a net debt of \$4,600,000. At June 30, 2005, the Board had advanced to the City \$2,050,000, \$1,886,000 of which has been recorded as a liability. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition and construction of a water storage tank, water mains, and other improvements. The bonds bear an interest rate of 2.57 percent. Subsequent to year end, the Board advanced to the City \$350,000, of which an additional \$322,000 was recorded as a liability.

In January 2005, the City issued \$910,000 in Water, Sewer and Solid Waste Revenue Bonds. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition and construction of a water storage tank, water mains and other improvements. The bonds bear interest rates of 4.50 percent.

In April 2004, the City issued \$9,715,000 in Sales Tax Revenue Refunding Bonds. The bonds bear interest rates of 1.80 to 3.90 percent. The bonds were issued to advance refund three previously issued Municipal Building Authority bonds. Refunded 1998 MBA bonds in the amount of \$5,855,000 will be redeemed on or before October 1, 2008. Refunded 2000 MBA bonds in the amount of \$1,709,000 will be redeemed on or before January 15, 2006.

Revenue bonds outstanding as of June 30, 2005 are as follows:

Purpose	Interest Rates	Amount
Justice Bldg, Mt Logan Park	1.80% - 3.90%	\$ 9,140,000
PCIB Bonds	4.50%	507,000
2003B-C RDA Sales Tax Bonds	1.58% - 4.00%	4,185,000
1998 Water & Sewer	3.70% - 4.65%	4,940,000
2002 Sewer Treatment	3.10%	1,310,000
2002 Sewer Treatment	3.00% - 4.80%	7,620,000
2004 Water & Sewer	2.57%	1,886,000
2005A Water & Sewer	4.50%	910,000
2001 Electric Revenue	2.50% - 3.50%	-
2004 Electric Revenue	3.00% - 3.50%	6,100,000
2003 Golf Course Revenue Bonds	2.50% - 3.50%	2,060,000
Total		<u>\$ 38,658,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 954,000	\$ 465,949	\$ 2,798,000	\$ 919,825
2007	992,000	440,903	2,860,000	831,757
2008	1,004,000	413,613	2,267,000	747,637
2009	1,042,000	384,813	2,289,000	668,612
2010	1,079,000	352,173	2,341,000	584,197
2011-2015	5,826,000	1,190,044	7,799,000	1,790,322
2016-2020	2,935,000	194,908	3,992,000	572,409
2021-2025	-	-	480,000	24,000
Total	<u>\$ 13,832,000</u>	<u>\$ 3,442,403</u>	<u>\$ 24,826,000</u>	<u>\$ 6,138,758</u>

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Notes Payable

Notes payable have been issued for the purchase of land and buildings for governmental activities. In May 2005, the City renegotiated a promissory note for the Cache Title building. The terms of the renegotiation call for interest only payments at 4 percent, with a final maturity date of July 1, 2007. This note contains a demand clause, therefore, the entire balance is considered current at year end. The City subsequently leases the building to a tenant with the expiration of the lease corresponding with the maturity of the note. The interest rates of all notes and their balances are as follows:

Purpose	Interest Rates	Amount
Thomas Budge	8.0%	\$ 303,978
Zann Horlacher	10.5%	108,842
Cache Title Building	4.0%	474,254
Lundahl Property	6.0%	50,000
Total		<u>\$ 937,074</u>

The notes payable debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities	
	Principal	Interest
2006	\$ 571,387	\$ 57,410
2007	51,298	30,965
2008	55,839	26,422
2009	60,793	21,470
2010	66,197	16,065
2011-2015	131,560	10,260
Total	<u>\$ 937,074</u>	<u>\$ 162,592</u>

Due to Other Government Units

The City received a loan from the Utah State Water Quality Board to assist with the costs of studying and planning for the implementation of user fees for the new storm water management fund. The loan is interest free, and has no specific due date. At June 30, 2005, the balance on this loan was \$142,000.

Incentive Contracts Payable

The City has entered into several incentive contracts with developers or businesses to pay tax rebate incentives for development within City limits. The General Growth contracts listed below require the City to rebate a portion of sales tax generated by the businesses. The other contracts require the City to rebate a portion of incremental property taxes generated by new development within redevelopment project areas of the RDA. Liabilities are recognized when performance by the developer occurs. Debt service requirements vary by agreement and are contingent upon the amounts actually being collected by the City. Incentive contracts outstanding as of June 30, 2005 are as follows:

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Purpose	Amount
Logan Crossroads Associates	\$ 66,600
Hyclone	278,948
General Growth (Phase 1)	728,754
General Growth (Phase 2)	199,989
General Growth (Phase 3)	245,000
General Growth (Phase 5)	50,000
Cache Valley Investors LC	750,507
Logan Crossroads Office LLC	56,526
Logan Charter Schools LLC	139,818
K & C Properties, LLC	52,258
Schreiber's	687,500
Total	\$ 3,255,900

A separate agreement to develop land with General Growth calls for a property tax incentive. This portion is not listed above as the potential liability cannot reasonably be estimated. The property tax incentives have no maximum amount. Instead, the City is to remit the full tax increment received, less 5 percent for administrative costs, and an optional 20 percent (at the City's option) for low income housing. During fiscal year 2005, the City remitted \$66,288 to the developer for General Growth property tax incentives for calendar year 2003 and \$145,690 for calendar year 2004. The incentives are in effect through fiscal year 2012.

Note 10 - Restricted Assets

According to bond requirements, the City often uses a trustee to make periodic bond payments. Any balance held by the trustee at year end is restricted for bond payments.

Note 11 - Risk Management

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly, the City participates in the Utah Local Governments Insurance Trust, a public entity risk pool. Insurance coverage maintained by the City for the fiscal year ended June 30, 2005, is as follows:

Description	Deductible	Limit
Buildings	\$ 1,000	\$ 86,677,000
Building contents	1,000	10,280,000
Contactors equipment	1,000	4,623,000
Mobile equipment	1,000	478,000
Outdoor equipment	1,000	922,000
Accidental electric/mechanical failure	-	86,677,000
Auto liability and comprehensive	10,000	2,000,000
Finance Director bond	1,000	10,000
Electronic data processing	1,000	6,600,000
Builders risk	1,000	550,000
Boiler and machinery	1,000	938,000
Treasurer bond	1,000	1,500,000
Fine arts	1,000	1,200,000

As of June 30, 2005 there were no unpaid claims. The City has not incurred claims settlements in excess of insurance coverage for the past 3 years.

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NOTES TO THE FINANCIAL STATEMENTS

Note 12 - Subsequent Events

In August 2005, the City issued \$6,820,000 in General Obligation Refunding Bonds. Proceeds from the bonds were used to refund all of the outstanding 1999 General Obligation bonds. The bonds bear interest rates of 3.75 to 5.00 percent. The refunding will save the City \$250,456 of debt service expense over the life of the bonds, and resulted in an economic gain of \$223,040.

In August 2005, the City issued \$345,000 in Subordinated Water, Sewer and Solid Waste Revenue Bond Anticipation Notes. Proceeds from the notes were used to improve the City's existing water system. The notes bear interest rates of 1.43 percent. The notes mature on February 1, 2007.

In April 2005, the City entered into an agreement to sell the Deer Pen property located at approximately 1500 North and 2000 East. The agreement calls for the City to sell approximately 27 acres of the property. In November 2005, the City sold the land for \$1,068,000.

In November 2005, the City obtained a note for \$193,000. This note is accounted for in the special improvement fund. The note will reimburse the City for costs incurred for sidewalk and lighting improvements in the business improvement district. The note will be repaid from assessments on individual property owners. The note bears interest of 5.35 percent and is for a term of 15 years.

Note 13 - Contingent Liabilities

Legal claims

During the period of July 1, 2004 through June 30, 2005, 121 claims alleging liability for damages were filed with Logan City. The claims covered a wide spectrum of potential liability. It appears that the insurance coverage provided by Utah Local Governments Trust is sufficient for all claims now pending with two notable cases: (1) The GPIII vs. Logan City case is pending action by the U.S. District Court and challenges Logan City's door-to-door business license ordinance; and, (2) the COP Construction Co. vs. Logan City case involves dispute over compensation for work performed but not completed by COP Construction on the building of the West Regional Sewer Project. COP was awarded the bid, but did not complete the work. Subsequently, Logan City hired another company to complete the work and paid COP for the work COP had completed. COP is contesting the amount paid to them by Logan City. COP is asking for no less than \$800,000 in damages plus further relief as the court deems just and proper. It is remote that Logan City will be required to pay the amount of \$800,000; however it is possible that the City may be required to pay some lesser amount on this matter.

Redevelopment Agencies

The City has established six redevelopment projects and one economic development project. Certain projects have received interfund loans from other governmental funds and enterprise funds to make various improvements within the project areas. Interfund loans are to be repaid from property tax increment. The City funds which made loans to the redevelopment projects bear the risk that future tax increment may not be sufficient to repay the loans. At June 30, 2005 the redevelopment projects have borrowed \$952,820 from other City funds.

Note 14 - Post-Employment Health Benefits

The City does not pay the health care benefits of retired employees.

Note 15 - Employee Retirement Systems and Pension Plans

Cost-sharing multiple-employer defined benefit public employee pension plan

The City contributes to a Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and a Firefighter's Retirement System, all of which are defined benefit pension plans that provide retirement benefits, annual cost of living adjustments, refund,

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and death benefits to plan members and beneficiaries in accordance with retirement statutes. The Public Safety Contributory is an agent multiple-employer and the other plans are cost sharing multiple-employer pension plans administered by the Utah Retirement Systems (Systems).

The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the City of Logan Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the Local Governmental Contributory division are required to contribute 6.00 percent of their salary (all of which was paid by the employer for the employee) and the City is required to contribute 7.08 percent of their annual salary. For the members in the Local Governmental Noncontributory division, the City is required to contribute 11.09 percent of their annual salary. Members in the Public Safety Contributory division are required to contribute 11.13 percent of their salary (all of which was paid by the employer for the employee) and the City is required to pay 10.03 percent of their annual salary. For the members in the Public Safety Noncontributory division, the City is required to contribute 20.77 percent of their annual salary. Members in the Firefighters System division are required to pay 7.83 percent of their salary (all of which was paid by the employer for the employee). The contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board. All contributions were made in accordance with the plan.

The City's Public Safety Contributory systems annual pension cost of \$449,857 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2004 actuarial valuation using entry age normal cost method. The actuarial assumptions include (1) 8 percent investment rate of return (net of administrative expenses), (2) projected salary increases of 4 percent (3 percent from inflation and 1 percent from membership growth), and (3) 2.5 percent cost of living adjustment. Both (1) and (2) above include an inflation component of 3 percent. The actuarial value of the City's retirement systems assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized over 20 years. Amortized payments are designed to remain level as a percent of payroll.

Local Governmental System – Contributory

	2005	2004	2003
Salary subject to retirement contributions	\$ 112,598	\$ 154,204	\$ 151,511
Employee contributions	n/a	n/a	n/a
Employer for employee contributions	6,756	9,252	9,091
Employer contributions	7,972	8,651	7,091

Local Governmental System – Noncontributory

	2005	2004	2003
Salary subject to retirement contributions	\$ 11,346,916	\$ 11,161,869	\$ 10,724,012
Employer contributions	1,258,374	1,073,773	931,917

Public Safety – Contributory

	2005	2004	2003
Salary subject to retirement contributions	\$ 2,125,978	\$ 2,207,500	\$ 2,216,557
Employee contributions	n/a	n/a	n/a
Employer for employee contributions	236,621	245,695	246,702
Employer contributions	213,236	131,787	81,126

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Public Safety - Noncontributory

	2005	2004	2003
Salary subject to retirement contributions	\$ 234,751	\$ 187,176	\$ 84,516
Employer contributions	48,758	32,007	12,500

Utah Firefighters' Retirement System

	2005	2004	2003
Salary subject to retirement contributions	\$ 1,974,932	\$ 2,061,576	\$ 1,944,512
Employee contributions	n/a	n/a	n/a
Employer for employee contributions	154,637	161,421	152,255
Employer contributions	-	-	-

Public Safety - Contributory Three-Year Trend Information (Agent-Multiple Plan)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 449,856	100%	\$ -
6/30/2004	377,482	100%	-
6/30/2003	327,828	100%	-

Schedule of Funding Progress for Logan City Public Safety

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratios (A/B)	Covered Payroll (C)	UALL Covered Payroll ((B-A)/C)
12/31/2004	\$ 14,510,000	\$ 15,685,000	\$ 1,175,000	93%	\$ 2,467,000	48%
1/1/2004	13,826,000	14,599,000	773,000	95%	2,372,000	33%
1/1/2003	13,099,000	13,685,000	586,000	96%	2,312,000	25%

Defined Contribution Retirement Plan

The City also participates in defined contribution plans (401(k) and 457) sponsored and administered by the Utah Retirement Systems. The plans are available as supplemental plans to the basic defined benefit plans and cover all employees eligible for the defined benefit plans. Voluntary contribution may be made into the plans subject to plan and Internal Revenue Code limitations. The City also contributes to the plans. All of the assets and income of the plans are held in trust for the exclusive benefit of the participants or their beneficiaries. Contributions to the plans were as follows:

401(k) Contributions

	2005	2004	2003
Employee contributions	\$ 635,656	\$ 637,327	\$ 610,253
Employer for employee contributions	409,942	366,402	351,741

457 Contributions

	2005	2004	2003
Employee contributions	\$ 112,942	\$ 79,885	\$ 60,611
Employer for employee contributions	24,345	13,245	5,685

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The City also offers a defined contribution retirement pension plan that covers the appointed City officials that are permitted by state law to withdraw from the Utah State Retirement System. Contributions to the plan are based on the same rates of contributions that were being paid to the Utah State Retirement System defined benefit plans (11.09 percent for public employee's retirement, 20.77 percent police officer's retirement, and 7.83 percent firefighter's retirement). For fiscal year 2005, the employer contributions were \$63,690.

Note 16 - Economic Dependency

Utah State University is a significant customer of the City's enterprise funds. During fiscal year 2005, sales to Utah State University totaled \$3,125,052. At June 30, 2005, the receivable from Utah State University for power, water and sewer is \$323,422.

Note 17- Environmental Health Landfill Closure and Postclosure Costs

The City owns and operates a landfill in the western region of the City that manages solid waste for the entire county. State and federal laws require the City to close the landfill when it reaches capacity and to monitor and maintain the site for thirty subsequent years. The City recognizes a portion of these costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the percent landfill capacity used as of the balance sheet date. There are several methodologies used to close a landfill, which result in varying costs and landfill capacities. The following cost estimates are based on the current methodology, which includes a dome-shaped landfill cap.

As of June 30, 2005, the City had incurred a liability of \$3,566,587 which represents the cost reported to date based on a 47 percent estimate of the landfill capacity used. Closure and postclosure costs were estimated to be \$7,588,484 in a 2005 engineering study. The remaining estimated liability is \$4,021,897, which will be recognized as the remaining capacity is used (estimated closing date is 2023). The estimated cost of closure and postclosure care is subject to change.

According to state and federal law, the City is required to establish a trust fund with an independent third party to accumulate assets needed for the payout of closure costs. Currently, assets reported as restricted assets totaling \$1,384,427 are held for this purpose.

Annually, the City files a financial assurance report for closure and post-closure costs with the Utah Department of Environmental Quality. The Department of Environmental Quality subsequently analyzes the sufficiency of reserve funds to meet future costs.

Note 18 - Redevelopment Agency

In accordance with Section 17B-4-1305 of Utah Code Annotated, all municipalities having established Redevelopment Agencies are required to disclose certain revenues and expenditures associated with the various project areas. The revenues and expenditures associated with the City's redevelopment areas are as follows:

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Logan Downtown RDA		
Tax increment collected	\$	-
Balance of debt:		
City of Logan		-
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		29,819
Loan payments		-
Debt service		-
Tax increment rebate		-

Logan River RDA		
Tax increment collected	\$	580,994
Balance of debt:		
Revenue bonds		4,185,000
Tax increment rebate agreements		278,948
Expenditures:		
Acquisition of property		-
Capital asset transfer		3,087,859
Installation of utilities		-
Administrative costs		3,337
Loan payments		260,000
Debt service		155,684
Tax increment rebate		-

Logan South Main RDA		
Tax increment collected	\$	228,359
Balance of debt:		
City of Logan		304,204
Tax increment rebate agreements		175,384
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		74,002
Loan payments		-
Debt service		-
Tax increment rebate		35,974

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Logan Northwest RDA	
Tax increment collected	\$ 147,954
Note contract proceeds	25,773
Balance of debt:	
City of Logan	186,472
Tax increment rebate agreements	139,818
Leases payable	201,785
Expenditures:	
Acquisition of property	-
Site improvements	-
Installation of utilities	-
Administrative costs	20
Loan payments	67,288
Debt service	8,464
Tax increment rebate	182

Logan North Main RDA	
Tax increment collected	\$ 75,626
Balance of debt:	
City of Logan	243,300
Tax increment rebate agreements	-
Leases payable	364,455
Expenditures:	
Acquisition of property	-
Installation of utilities	-
Installation of utilities	-
Administrative costs	40
Loan payments	121,459
Debt service	15,278
Tax increment rebate	-

Logan North Retail RDA	
Tax increment collected	\$ 286,709
Balance of debt:	
City of Logan	39,844
Tax increment rebate agreements	1,974,250
Expenditures:	
Acquisition of property	-
Site improvements	-
Installation of utilities	-
Administrative costs	1,880
Loan payments	-
Debt service	-
Tax increment rebate	229,080

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Logan 600 West Economic Development Area	
Tax increment collected	\$ -
Balance of debt:	
City of Logan	179,000
Tax increment rebate agreements	687,500
Expenditures:	
Acquisition of property	-
Site improvements	32,890
Installation of utilities	-
Administrative costs	-
Loan payments	-
Debt service	-
Tax increment rebate	-

Property Valuations	Base Taxable Value	Current
Logan Downtown	\$ 25,874,181	\$ 36,904,412
Logan River	3,698,440	72,083,215
Logan South Main	5,455,079	30,246,365
Logan Northwest	11,113,710	27,249,999
Logan North Main	687,988	7,247,868
Logan North Retail	28,074,846	52,975,113
Logan 600 West EDA	21,312,483	21,312,483

Note 19 - Investments in Power Projects and Related Contracts

Colorado River Storage Project (CRSP)

The Colorado River Storage Project is managed by Western Area Power Authority, which is a division of the Department of Energy. Logan City is a preference customer of CRSP and has an allocation and a right to use a proportionate share of the hydro-electric power generated from the project. The City has the right to 22 MW of winter and 17 MW of summer capacity, when the project is producing its rated amount of electricity generation. The generation is primarily based on water flow.

Intermountain Power Association (IPA)

The City has entered into a power sales contract that expires in June 2027, to purchase approximately 2.469 percent of the output of the Intermountain Power Project Units 1 & 2. The City has invoked the 18-month recall provisions to recall 0.75 percent of its 2.469 percent ownership. The City has the ability to put-back up to the 0.75 percent upon 6 months notice. The City has the right to recall up to 100 percent of its entitlement upon meeting certain notice provisions. As long as any of the Intermountain Power Agency Bonds are outstanding, the contract cannot be terminated or amended in a manner that will impair or adversely affect the rights of any of the bondholders.

The City is participating in study costs of the IPP Unit 3 project. The City paid the Tier 1 study cost in this project over the prior two years. Subsequent to year end, the City Council approved participation in the Tier 2 study costs. Total Tier 1 and Tier 2 study costs are approximated to be \$4,500,000. The City has a 2.2 percent interest (20 MW / 900 MW) in the project and fees. The Tier 2 costs include Tier 1 reimbursement of approximately \$3,900,000. If the project is approved to be constructed, the City will have the option of participating at the interest level noted above.

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Utah Associated Municipal Power Systems (UAMPS)

UAMPS is a governmental agency that provides comprehensive wholesale electric services, on a nonprofit basis, to municipalities throughout the Intermountain West. The City is obligated to UAMPS through power service contracts for the consequences of "take-or-pay" contracts with UAMPS customers. UAMPS service charges to the City include the City's proportionate obligation for the following items:

UAMPS Hunter II Project

In June 1982, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Hunter Project Revenue and Refunding Bonds have been paid, or (2) the final shut down date of the Hunter Steam Electric Generating Unit No. 2 (Hunter II), or (3) June 1, 2032. The contract entitles the City to approximately 2.95 percent of the output of the project. As a participant in the project, the City is obligated for 20.0156 percent of the debt service on approximately \$38,164,479 in revenue bonds outstanding at June 30, 2005.

UAMPS Craig-Mona Transmission Project

In January 1989, the City entered into a transmission service contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Craig-Mona Transmission Project Refunding and Revenue Bonds have been paid, or (2) UAMPS shall no longer have any rights with respect to the project under the applicable participation agreements, or (3) November 6, 2030. The contract entitles the City to approximately 1.22 percent of the transmission capability of the Craig to Bonanza 345 KV transmission line and approximately 4.4 MW of transmission capability of the Bonanza Mona 345 KV transmission line and associated facilities. As a participant in the UAMPS Craig-Mona Project, the City is obligated for 15.845 percent of the debt service on approximately \$4,600,000 in revenue bonds outstanding as of June, 30, 2005.

UAMPS San Juan Project

In July 1993, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS San Juan Project Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) November 6, 2030. The contract entitles the City to approximately 0.6 percent of the output of Unit 4 of the San Juan Generating Station. As a participant in the UAMPS San Juan Project, the City is obligated for 11.15 percent of the debt service on approximately \$28,725,000 in revenue bonds outstanding at June 30, 2005. Subsequent to year end, the City Council approved the assignment of City's interest and obligations in this project to Lehi City beginning in October of 2005.

UAMPS Payson (Nebo) Project

In March 2003, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Payson Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) April 1, 2026. The contract entitles the City to approximately 9.0361 percent of the scheduled output of the Payson Generating Station. As a participant in the UAMPS Payson Project, the City is obligated for 9.5574 percent of the debt service on approximately \$100,850,000 in Revenue Bonds outstanding at June 30, 2005.

UAMPS Pleasant Valley PPM Energy Wind Project

In January 2004, the City entered into a power sales contract with UAMPS that expires in 25 years. The City agreed to purchase 2 MW of power at a fixed rate of \$48.11 per MWH. The City agreed to purchase the power on a percentage of availability basis as it is generated.

All-In Cost Pool

In January 2005, UAMPS Pool Project Participants formed the "All-In" Pool in a desire to more cooperatively and efficiently manage member load and resource situations. The pool provides an environment that encourages participants to jointly acquire resources as needed, thus taking advantage of economies of scale. Each of the

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participants in pool has agreed to sell their excess to and purchase additional power needs from the pool at cost. Any additional power needs for the group may be purchased in one large block at market prices. In addition, any excess power to be sold may be sold in a similar manner.

UAMPS Cost Recovery Charges

The City is responsible for its budgeted share of UAMPS Operating and Maintenance costs. In addition to the normal costs, in March 2002 UAMPS borrowed approximately forty million dollars to cover operating shortfalls from power contracts signed during the 2000 and 2001 power crisis. This obligation is repaid through cost recovery operating charges to UAMPS members. The City is responsible for approximately \$108,000 a month or 11.9203 percent of the \$7,904,833 balance as of June 30, 2005. The final payment is scheduled for April 2006.

Note 20 - Industrial Revenue Bonds

The City authorized the issuance of Industrial Revenue Bonds to Sunshine Terrace, a health care facility. Sunshine Terrace is responsible for all bond payments and neither the City nor its resources are liable for repayment. On December 12, 1996, \$3,825,000 in City of Logan, Cache County, Utah Assisted Living Mortgage Revenue Bonds, Series 1996 were issued. The bonds are scheduled to mature on December 1, 2016.

On June 1, 1999, the City authorized the issuance of Industrial Revenue Bonds to Integrated Systems Engineering, Incorporated. Integrated Systems is responsible for all bond payments and neither the City nor its resources are liable for repayment. On June 3, 1999, \$3,385,000 Logan City, Cache County, Utah Variable Rate Demand/Fixed Rate Tax-Exempt Revenue Bonds, Series 1999A were issued. Principal payments are scheduled to begin in 2005. Integrated Systems Engineering was acquired by Trans-Lux in 2000 and the industrial revenue bond was assumed by Trans-Lux. In 2003, Trans-Lux was acquired by Barco and the industrial revenue bond was assumed by Barco.

On May 1, 2001, the City authorized the issuance of Industrial Revenue Bonds to TEK Tool and Plastics, Inc. in the amount of \$5,000,000. TEK Tools is responsible for all bond payments and neither the City nor its resources are liable for repayment.

On December 17, 2001, the City authorized the issuance of Industrial Revenue Bonds to Scientific Technology Incorporated in the amount of \$2,100,000. Scientific Technology is responsible for all bond payments and neither the City nor its resources are liable for repayment.

Required Supplementary Information

**City of Logan
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual			
	Original	Final	GAAP	Encumbrances	Budgetary	Variance
REVENUES						
Property tax	\$ 2,259,000	\$ 2,259,000	\$ 2,283,728	\$ -	\$ 2,283,728	\$ 24,728
Sales tax	6,766,234	6,817,044	6,966,781	-	6,966,781	149,737
Franchise tax	3,663,000	3,663,000	4,406,748	-	4,406,748	743,748
Licenses and permits	1,033,900	1,033,900	884,225	-	884,225	(149,675)
Intergovernmental	2,197,261	3,530,019	2,419,307	-	2,419,307	(1,110,712)
Administrative fees	1,783,657	1,783,657	1,783,657	-	1,783,657	-
Charges for services	2,815,705	2,978,714	2,858,923	-	2,858,923	(119,791)
Fines	763,000	766,200	806,024	-	806,024	39,824
Investment earnings	-	-	45,182	-	45,182	45,182
Contributions from private sources	-	712,691	18,050	-	18,050	(694,641)
Miscellaneous	74,050	85,480	249,046	-	249,046	163,566
Total revenues	21,355,807	23,629,705	22,721,671	-	22,721,671	(908,034)
EXPENDITURES						
Current:						
General government:						
Municipal council	147,449	155,205	140,318	10,000	150,318	4,887
Mayor	157,171	157,346	157,257	-	157,257	89
Administrative services	134,500	137,065	131,495	-	131,495	5,570
Human resources	273,694	276,521	267,708	-	267,708	8,813
Workers compensation	272,800	272,800	290,403	-	290,403	(17,603)
Civil service commission	3,750	3,750	317	-	317	3,433
Recorder	92,419	93,302	91,318	-	91,318	1,984
City elections	3,000	3,000	-	-	-	3,000
Safety and emergency management	187,962	207,432	222,959	-	222,959	(15,527)
Non-departmental	962,150	803,149	283,718	-	283,718	519,431
Geographic information systems	227,019	229,263	226,384	-	226,384	2,879
Community promotion	51,250	51,250	49,088	-	49,088	2,162
Community service fees	47,156	47,156	50,736	-	50,736	(3,580)
Airport authority	67,354	67,354	67,354	-	67,354	-
Economic development	360,863	260,863	65,588	-	65,588	195,275
Community development	620,102	619,075	445,369	145,347	590,716	28,359
Community development block grant	-	671,100	327,430	-	327,430	343,670
Neighborhood improvement	133,279	128,779	87,092	-	87,092	41,687
Building inspection	358,373	361,115	344,093	-	344,093	17,022
City attorney	443,200	447,388	434,884	-	434,884	12,504
Public defense	25,000	25,000	22,450	-	22,450	2,550
Justice court	463,095	477,774	461,008	-	461,008	16,766
Director of finance	185,552	185,552	171,081	-	171,081	14,471
Accounting	291,788	295,628	289,550	-	289,550	6,078
Purchasing	194,709	197,187	188,986	-	188,986	8,201
Treasurer	111,101	111,324	99,818	-	99,818	11,506
Utility billing	426,934	421,353	409,405	-	409,405	11,948
Business licensing	142,184	142,455	138,690	-	138,690	3,765
Total general government	6,383,854	6,849,186	5,464,499	155,347	5,619,846	1,229,340
Public safety:						
Police department	4,370,451	4,377,521	4,242,929	116,897	4,359,826	134,592
Police investigation	55,500	60,500	56,944	-	56,944	3,556
Liquor law enforcement	-	34,436	16,122	-	16,122	18,314
Ordinance enforcement	48,200	56,900	46,716	-	46,716	10,184
Police community service	70,500	63,397	57,341	-	57,341	6,056
Police technology	215,080	232,080	226,619	-	226,619	5,461
Miscellaneous police grants	-	34,920	34,920	-	34,920	-
UCCJJ grant	95,597	159,989	155,125	-	155,125	4,864
SHOCAP grant	-	14,812	14,153	-	14,153	659

**City of Logan
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

EXPENDITURES CONTINUED	Budget		Actual			Variance
	Original	Final	GAAP	Encumbrances	Budgetary	
Gang grant	-	7,120	6,973	-	6,973	147
Cops in schools grant	-	121,470	121,470	-	121,470	-
Police special operations	23,900	23,900	22,884	-	22,884	1,016
COPS grant	-	5,198	5,198	-	5,198	-
VIPS grant	-	5,000	697	-	697	4,303
Fire administration	239,087	256,646	252,993	-	252,993	3,653
Fire suppression	1,497,297	1,544,686	1,437,382	-	1,437,382	107,304
Fire prevention	152,820	154,428	137,377	-	137,377	17,051
Training	117,148	118,978	103,561	-	103,561	15,417
Training facility	86,000	96,770	84,970	-	84,970	11,800
Ambulance division	1,643,439	1,677,978	1,650,729	-	1,650,729	27,249
Ambulance billing	180,000	280,000	250,457	-	250,457	29,543
Miscellaneous fire grants	-	13,363	10,964	-	10,964	2,399
Total public safety	8,795,019	9,340,092	8,936,524	116,897	9,053,421	403,568
Public works:						
Public works director	242,712	246,090	234,323	-	234,323	11,767
City engineer	710,060	718,754	700,707	-	700,707	18,047
Streets and highways	1,642,294	2,351,028	1,643,355	-	1,643,355	707,673
Class C road funds	1,794,437	1,508,437	792,613	-	792,613	715,824
Street lighting	297,000	297,000	297,000	-	297,000	-
Government buildings	542,316	543,608	490,153	-	490,153	53,455
Eccles/Bullen facilities	255,450	287,801	287,801	-	287,801	-
Justice building	209,293	209,293	197,729	-	197,729	11,564
Service center	673,860	674,992	469,010	-	469,010	205,982
Shops and garage	680,711	683,679	658,800	-	658,800	24,879
Total public works	7,048,133	7,520,682	5,771,491	-	5,771,491	1,749,191
Parks and recreation:						
Parks and park areas	882,275	940,497	795,241	23,245	818,486	145,256
Boneville shoreline trail	10,000	33,888	12,861	-	12,861	21,027
Parks and trails grants	83,690	170,533	98,253	12,889	111,142	72,280
Summerfest	30,000	32,000	27,245	-	27,245	4,755
Cemetery	177,001	178,118	176,095	-	176,095	2,023
Recreation administration	335,923	385,402	322,492	11,425	333,917	62,910
Municipool	220,529	225,859	223,512	-	223,512	2,347
Sports and recreation	695,543	757,360	682,071	-	682,071	75,289
Acquatic center	368,442	384,432	413,853	-	413,853	(29,421)
Skate park	9,650	15,650	11,533	-	11,533	4,117
Fireworks program	65,720	65,720	65,117	-	65,117	603
Total parks and recreation	2,878,773	3,189,459	2,828,273	47,559	2,875,832	361,186
Debt service	2,199,338	2,199,338	2,211,079	-	2,211,079	(11,741)
Total expenditures	27,305,117	29,098,757	25,211,866	319,803	25,531,669	3,731,544
OTHER FINANCING SOURCES (USES)						
Transfers in	5,547,520	5,686,740	5,847,520	-	5,847,520	160,780
Transfers out	(916,947)	(1,285,119)	(1,018,947)	-	(1,018,947)	266,172
Debt proceeds	219,500	219,500	269,387	-	269,387	49,887
Sale of fixed assets	119,800	121,911	28,422	-	28,422	(93,489)
Total other financing sources (uses)	4,969,873	4,743,032	5,126,382	-	5,126,382	383,350
Net change in fund balance	(979,437)	(726,020)	2,636,187	(319,803)	2,316,384	3,206,860
Fund balance, beginning	1,227,761	1,227,761	1,227,761	-	1,227,761	-
Fund balance, ending	\$ 248,324	\$ 501,741	\$ 3,863,948	\$ (319,803)	\$ 3,544,145	\$ 3,206,860

**City of Logan
Redevelopment Agency
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property tax	\$ 2,040,604	\$ 2,040,604	\$ 1,319,642	\$ (720,962)
Investment earnings	-	-	2,353	2,353
Miscellaneous	-	34,850	44,791	9,941
Total revenues	2,040,604	2,075,454	1,366,786	(708,668)
EXPENDITURES				
Current:				
Public works	144,350	191,950	308,520	(116,570)
Debt Service:				
Principal	1,796,254	1,783,504	568,293	1,215,211
Interest	-	-	179,425	(179,425)
Capital Outlay:				
Public works	100,000	100,000	32,890	67,110
Total expenditures	2,040,604	2,075,454	1,089,128	986,326
Revenues over (under) expenditures	-	-	277,658	277,658
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,087,860)	(3,087,859)	1
Sale of fixed assets	-	-	48,531	48,531
Total other financing sources (uses)	-	(3,087,860)	(3,039,328)	48,532
Net change in fund balance	-	(3,087,860)	(2,761,670)	326,190
Fund balance, beginning	1,213,246	1,213,246	1,213,246	
Fund balance, ending	\$ 1,213,246	\$ (1,874,614)	\$ (1,548,424)	\$ 326,190

Supplementary Information.

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Nonmajor Governmental Funds

Library Fund

Recreation Center Maintenance Fund

Willow Park Fund

Communication Center Fund

Special Improvement Fund

Housing Authority Fund

Logan Transit District Fund

Cemetery Perpetual Care Fund

Community Foundation Fund

Capital Projects Fund

City of Logan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

ASSETS

Cash and cash equivalents
Interfund receivables - pooled cash
Accounts receivable (net of allowance)
Property tax receivable
Due to other funds
Due from other governmental units
Total assets

Library	Recreation Center Maintenance	Willow Park	Communication Center	Special Improvement	Housing Authority	Logan Transit District	Cemetery Perpetual Care	Community Foundation	Capital Projects	Total
\$ 385,574	\$ 37,646	\$ -	\$ 121,827	\$ -	\$ 88,584	\$ 1,348,512	\$ 101,828	\$ 148,340	\$ -	\$ 2,232,311
489,805	-	-	674,209	-	-	-	-	-	-	1,164,014
-	-	-	66,461	253,744	-	-	-	-	-	320,205
924,402	-	-	-	-	-	-	50,000	-	-	924,402
-	-	-	-	-	-	-	-	-	-	50,000
217,179	-	207,513	107,725	-	-	320,410	-	-	520,150	1,372,977
<u>2,016,960</u>	<u>37,646</u>	<u>207,513</u>	<u>970,222</u>	<u>253,744</u>	<u>88,584</u>	<u>1,668,922</u>	<u>151,828</u>	<u>148,340</u>	<u>520,150</u>	<u>6,063,909</u>

LIABILITIES AND FUND BALANCES

Liabilities:
Interfund payables - pooled cash
Accounts payable
Other accrued liabilities
Due to other funds
Deferred revenue
Total liabilities

-	-	258,370	-	231,435	-	-	-	-	226,580	716,385
2,646	13,204	29,618	17,809	22,309	-	219,926	-	527	107,032	413,071
27,683	5,495	18,670	27,498	-	-	6,822	-	147,813	-	233,981
-	-	-	-	-	-	-	-	-	1,020,000	1,020,000
924,402	-	107,012	-	253,744	-	-	-	-	-	1,285,158
<u>954,731</u>	<u>18,699</u>	<u>413,670</u>	<u>45,307</u>	<u>507,488</u>	<u>-</u>	<u>226,748</u>	<u>-</u>	<u>148,340</u>	<u>1,353,612</u>	<u>3,688,595</u>

Fund balances:

Reserved for:

Encumbrances
Perpetual care
Other

-	-	27,981	-	-	-	-	-	-	-	27,981
-	-	-	-	-	-	-	151,828	-	-	151,828
138,972	-	-	-	-	-	-	-	-	-	138,972

Unreserved, undesignated reported in:

Special revenue

Capital projects

Total fund balances

Total liabilities and fund balances

923,257	18,947	(234,138)	924,915	(253,744)	88,584	1,442,174	-	-	-	2,909,995
-	-	-	-	-	-	-	-	-	(833,462)	(833,462)
1,052,229	18,947	(206,157)	924,915	(253,744)	88,584	1,442,174	151,828	-	(833,462)	2,395,314
<u>\$ 2,016,960</u>	<u>\$ 37,646</u>	<u>\$ 207,513</u>	<u>\$ 970,222</u>	<u>\$ 253,744</u>	<u>\$ 88,584</u>	<u>\$ 1,668,922</u>	<u>\$ 151,828</u>	<u>\$ 148,340</u>	<u>\$ 520,150</u>	<u>\$ 6,063,909</u>

City of Logan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Library	Recreation Center Maintenance	Willow Park	Communication Center	Special Improvement	Housing Authority	Logan Transit District	Cemetery Perpetual Care	Community Foundation	Capital Projects	Total
REVENUES											
Property tax	\$ 1,303,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,303,020
Sales tax	-	-	-	-	-	-	1,734,221	-	-	-	1,734,221
Intergovernmental	57,496	189,878	610,062	3,767	-	-	677,673	-	-	997,403	2,535,279
Charges for services	9,079	-	131,708	1,396,327	-	-	12,451	33,240	-	-	1,562,805
Fines	34,480	-	-	-	-	-	-	-	-	-	34,480
Investment earnings	-	-	-	8,690	-	-	23,289	-	-	12,901	44,880
Contributions from private sources	42,245	-	18,721	-	-	-	-	-	-	-	60,966
Miscellaneous	34,995	3,253	816	-	-	-	55,167	-	-	-	94,231
Total revenues	<u>1,481,315</u>	<u>192,131</u>	<u>781,307</u>	<u>1,408,784</u>	<u>-</u>	<u>-</u>	<u>2,502,801</u>	<u>33,240</u>	<u>-</u>	<u>1,010,304</u>	<u>7,389,882</u>
EXPENDITURES											
Current:											
Public safety	-	-	-	971,271	-	-	-	-	-	-	971,271
Public works	-	-	-	-	44,810	4,874	1,900,150	-	-	-	1,949,834
Parks, recreation and culture	1,248,262	443,062	786,758	-	-	-	-	-	-	-	2,478,082
Capital outlay:											
Public safety	-	-	-	169,659	-	-	-	-	-	296,232	465,891
Public works	-	-	-	-	308,934	-	528,275	-	-	34,437	869,646
Parks, recreation and culture	6,024	28,635	192,142	-	-	-	-	-	-	783,286	990,087
Total expenditures	<u>1,254,286</u>	<u>471,697</u>	<u>978,900</u>	<u>1,140,930</u>	<u>353,744</u>	<u>4,874</u>	<u>2,428,425</u>	<u>-</u>	<u>-</u>	<u>1,093,955</u>	<u>7,724,811</u>
Revenues over (under) expenditures	<u>227,029</u>	<u>(279,566)</u>	<u>(217,593)</u>	<u>267,854</u>	<u>(353,744)</u>	<u>(4,874)</u>	<u>76,376</u>	<u>33,240</u>	<u>-</u>	<u>(83,651)</u>	<u>(334,929)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	252,403	286,054	2,000	100,000	-	-	-	-	-	640,457
Transfers out	(80,000)	-	(9,886)	(50,000)	-	-	-	-	-	-	(139,886)
Sale of fixed assets	-	-	-	-	-	18,386	-	-	-	-	18,386
Total other financing sources (uses)	<u>(80,000)</u>	<u>252,403</u>	<u>276,068</u>	<u>(48,000)</u>	<u>100,000</u>	<u>18,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,857</u>
Net change in fund balances	<u>147,029</u>	<u>(27,163)</u>	<u>58,475</u>	<u>219,854</u>	<u>(253,744)</u>	<u>13,512</u>	<u>76,376</u>	<u>33,240</u>	<u>-</u>	<u>(83,651)</u>	<u>183,928</u>
Fund balances - beginning	<u>915,200</u>	<u>46,110</u>	<u>(264,632)</u>	<u>705,061</u>	<u>-</u>	<u>75,072</u>	<u>1,365,798</u>	<u>118,568</u>	<u>-</u>	<u>(749,811)</u>	<u>2,211,386</u>
Fund balances - ending	<u>\$ 1,062,229</u>	<u>\$ 18,947</u>	<u>\$ (206,157)</u>	<u>\$ 924,915</u>	<u>\$ (253,744)</u>	<u>\$ 88,584</u>	<u>\$ 1,442,174</u>	<u>\$ 151,828</u>	<u>\$ -</u>	<u>\$ (833,462)</u>	<u>\$ 2,395,314</u>

**City of Logan
Library Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property tax	\$ 1,191,387	\$ 1,191,387	\$ 1,303,020	\$ 111,633
Intergovernmental	38,200	108,397	57,496	(50,901)
Charges for services	-	-	9,079	9,079
Fines	30,000	30,000	34,480	4,480
Investment earnings	4,000	4,000	-	(4,000)
Contributions from private sources	4,225	1,742,281	42,245	(1,700,036)
Miscellaneous	2,000	2,000	34,995	32,995
Total revenues	1,269,812	3,078,065	1,481,315	(1,596,750)
EXPENDITURES				
Current:				
Parks, recreation and culture	1,183,712	1,273,121	1,248,262	24,859
Capital outlay:				
Parks, recreation and culture	6,100	6,100	6,024	76
Total expenditures	1,189,812	1,279,221	1,254,286	24,935
Revenues over (under) expenditures	80,000	1,798,844	227,029	(1,571,815)
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	(80,000)	(80,000)	(80,000)	-
Net change in fund balance	-	1,718,844	147,029	(1,571,815)
Fund balance, beginning	915,200	915,200	915,200	
Fund balance, ending	\$ 915,200	\$ 2,634,044	\$ 1,062,229	\$ (1,571,815)

City of Logan
Recreation Center Maintenance Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ 187,399	\$ 187,399	\$ 188,878	\$ 1,479
Miscellaneous	7,960	7,960	3,253	(4,707)
Total revenues	195,359	195,359	192,131	(3,228)
EXPENDITURES				
Current:				
Parks, recreation and culture	420,663	431,918	443,062	(11,144)
Capital outlay:				
Parks, recreation and culture	27,099	55,734	28,635	27,099
Total expenditures	447,762	487,652	471,697	15,955
Revenues over (under) expenditures	(252,403)	(292,293)	(279,566)	12,727
OTHER FINANCING SOURCES (USES)				
Transfers in	252,403	252,403	252,403	-
Total other financing sources (uses)	252,403	252,403	252,403	-
Net change in fund balance	-	(39,890)	(27,163)	12,727
Fund balance, beginning	46,110	46,110	46,110	-
Fund balance, ending	\$ 46,110	\$ 6,220	\$ 18,947	\$ 12,727

**City of Logan
Willow Park Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual			
	Original	Final	GAAP	Encumbrances	Budgetary	Variance
REVENUES						
Intergovernmental	\$ 395,192	\$ 625,240	\$ 610,062	\$ -	\$ 610,062	\$ (15,178)
Charges for services	155,864	161,319	131,708	-	131,708	(29,611)
Contributions from private sources	10,000	10,000	18,721	-	18,721	8,721
Miscellaneous	2,500	2,500	816	-	816	(1,684)
Total revenues	563,556	799,059	761,307	-	761,307	(37,752)
EXPENDITURES						
Current:						
Parks, recreation and culture	811,186	839,446	786,758	27,981	814,739	24,707
Capital outlay:						
Parks, recreation and culture	28,438	235,681	192,142	-	192,142	43,539
Total expenditures	839,624	1,075,127	978,900	27,981	1,006,881	68,246
Revenues over (under) expenditures	(276,068)	(276,068)	(217,593)	(27,981)	(245,574)	30,494
OTHER FINANCING SOURCES (USES)						
Transfers in	286,054	286,054	286,054	-	286,054	-
Transfers out	(9,986)	(9,986)	(9,986)	-	(9,986)	-
Total other financing sources (uses)	276,068	276,068	276,068	-	276,068	-
Net change in fund balance	-	-	58,475	(27,981)	30,494	30,494
Fund balance, beginning	(264,632)	(264,632)	(264,632)	-	(264,632)	-
Fund balance, ending	\$ (264,632)	\$ (264,632)	\$ (206,157)	\$ (27,981)	\$ (234,138)	\$ 30,494

City of Logan
Communication Center Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ -	\$ 16,592	\$ 3,767	\$ (12,825)
Charges for services	1,016,001	1,175,878	1,396,327	220,449
Investment earnings	1,846	1,846	8,690	6,844
Total revenues	1,017,847	1,194,316	1,408,784	214,468
EXPENDITURES				
Current:				
Public safety	907,847	951,491	971,271	(19,780)
Capital outlay:				
Public safety	60,000	194,825	169,659	25,166
Total expenditures	967,847	1,146,316	1,140,930	5,386
Revenues over (under) expenditures	50,000	48,000	267,854	219,854
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,000	2,000	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(50,000)	(48,000)	(48,000)	-
Net change in fund balance	-	-	219,854	219,854
Fund balance, beginning	705,061	705,061	705,061	-
Fund balance, ending	\$ 705,061	\$ 705,061	\$ 924,915	\$ 219,854

City of Logan
Special Improvement Fund
Schedule of Revenues, Expenditures,
and Changes In Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Miscellaneous	\$ -	\$ 270,000	\$ -	\$ (270,000)
Total revenues	-	270,000	-	(270,000)
EXPENDITURES				
Current:				
Public works	-	-	44,810	(44,810)
Capital outlay:				
Public works	-	370,000	308,934	61,066
Total expenditures	-	370,000	353,744	16,256
Revenues over (under) expenditures	-	(100,000)	(353,744)	(253,744)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	100,000	-
Total other financing sources (uses)	-	100,000	100,000	-
Net change in fund balance	-	-	(253,744)	(253,744)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ (253,744)	\$ (253,744)

City of Logan
Housing Authority Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 4,874	\$ (4,874)
Total expenditures	-	-	4,874	(4,874)
Revenues over (under) expenditures	-	-	(4,874)	(4,874)
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	18,386	18,386
Total other financing sources (uses)	-	-	18,386	18,386
Net change in fund balance	-	-	13,512	13,512
Fund balance, beginning	75,072	75,072	75,072	-
Fund balance, ending	<u>\$ 75,072</u>	<u>\$ 75,072</u>	<u>\$ 88,584</u>	<u>\$ 13,512</u>

**City of Logan
Logan Transit District Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Sales tax	\$ 1,600,710	\$ 1,594,238	\$ 1,734,221	\$ 139,983
Intergovernmental	966,953	1,638,953	677,673	(961,280)
Charges for services	7,440	7,440	12,451	5,011
Investment earnings	12,000	12,000	23,289	11,289
Miscellaneous	18,000	18,000	55,167	37,167
Total revenues	2,605,103	3,270,631	2,502,801	(767,830)
EXPENDITURES				
Current:				
Public works	2,503,845	2,374,641	1,900,150	474,491
Capital outlay:				
Public works	264,900	1,227,632	526,275	701,357
Total expenditures	2,768,745	3,602,273	2,426,425	1,175,848
Revenues over (under) expenditures	(163,642)	(331,642)	76,376	408,018
Net change in fund balance	(163,642)	(331,642)	76,376	408,018
Fund balance, beginning	1,365,798	1,365,798	1,365,798	-
Fund balance, ending	\$ 1,202,156	\$ 1,034,156	\$ 1,442,174	\$ 408,018

City of Logan
Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 33,240	\$ 33,240
Total revenues	-	-	33,240	33,240
Revenues over (under) expenditures	-	-	33,240	33,240
Net change in fund balance	-	-	33,240	33,240
Fund balance, beginning	118,588	118,588	118,588	-
Fund balance, ending	\$ 118,588	\$ 118,588	\$ 151,828	\$ 33,240

City of Logan
Capital Projects Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ 378,928	\$ 1,033,478	\$ 997,403	\$ (36,075)
Investment earnings	-	-	12,901	12,901
Total revenues	378,928	1,033,478	1,010,304	(23,174)
EXPENDITURES				
Capital outlay:				
Public safety	378,928	378,928	296,232	82,696
Public works	-	-	34,437	(34,437)
Parks, recreation and culture	-	1,170,553	763,286	407,267
Total expenditures	378,928	1,549,481	1,093,955	455,526
Revenues over (under) expenditures	-	(516,003)	(83,651)	432,352
Net change in fund balance	-	(516,003)	(83,651)	432,352
Fund balance, beginning	(749,811)	(749,811)	(749,811)	-
Fund balance, ending	\$ (749,811)	\$ (1,265,814)	\$ (833,462)	\$ 432,352

Statistical Section

(Unaudited)

City of Logan
General Governmental Expenditures By Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Debt Service	Capital Outlay	Total
1996	\$ 2,819,971	\$ 4,588,065	\$ 4,746,875	\$ 2,590,815	\$ 453,874	\$ 2,070,217	\$ 17,269,817
1997	2,728,279	5,472,314	5,591,430	3,125,911	476,869	1,924,333	19,319,136
1998	3,012,213	6,515,470	7,175,368	3,778,396	496,928	4,797,115	25,775,490
1999	3,212,354	7,386,767	7,889,727	4,017,587	2,726,374	8,134,977	33,367,786
2000	3,422,940	7,865,293	7,665,014	4,246,077	2,077,652	7,901,996	33,178,972
2001	3,791,193	8,271,774	8,693,162	4,357,632	1,650,464	8,687,673	35,451,898
2002	3,357,985	8,458,622	7,086,853	4,681,980	1,451,280	5,246,734	30,283,454
2003	4,732,030	8,339,439	7,642,584	5,285,182	1,272,584	4,554,798	31,826,617
2004	4,428,880	9,765,686	7,608,933	5,172,578	2,247,252	9,011,356	38,234,685
2005	5,453,694	9,544,277	7,678,762	5,195,385	2,958,797	3,194,890	34,025,805

Note:

1- Includes the general, special revenue, and capital projects funds

City of Logan
General Governmental Revenues By Source (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeitures	Miscellaneous	Total
1996	\$ 9,342,298	\$ 713,866	\$ 1,484,407	\$ 2,717,978	\$ 612,745	\$ 974,181	\$ 15,845,475
1997	9,756,720	900,273	1,715,233	3,027,588	632,756	1,046,960	17,079,530
1998	10,513,200	771,874	3,668,372	3,814,008	691,848	1,034,651	20,493,953
1999	11,217,176	752,369	5,268,198	6,522,727	732,188	761,124	25,253,782
2000	12,521,130	820,938	2,891,997	4,367,605	694,664	2,911,311	24,207,645
2001	13,432,008	787,974	4,078,653	4,649,197	637,117	2,863,034	26,447,983
2002	14,617,775	731,237	4,482,999	5,063,408	671,622	801,251	26,368,292
2003	14,550,961	912,676	3,041,925	5,965,449	771,455	425,072	25,667,538
2004	16,459,151	1,004,591	4,926,897	6,051,019	914,074	545,823	29,901,555
2005	18,014,140	884,225	4,954,586	6,225,385	840,504	559,499	31,478,339

Note:

1- Includes the general, special revenue, and capital projects funds

City of Logan
Property Tax Budgets and Collections
Last Ten Fiscal Years

Fiscal Year	Budgeted Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Percent of	
					Total Tax Collections	Total Tax Collections To Tax Levy
1996	\$ 1,408,350	\$ 1,576,100	111.91%	\$ 15,469	\$ 1,591,569	113.01%
1997	1,252,585	1,348,359	107.65%	5,341	1,353,700	108.07%
1998	1,463,902	1,441,426	98.46%	19,605	1,461,031	99.80%
1999	1,609,466	1,536,091	95.44%	20,281	1,556,372	96.70%
2000	2,279,452	2,242,698	98.39%	20,661	2,263,359	99.29%
2001	2,977,473	2,507,868	84.23%	48,540	2,556,408	85.86%
2002	2,305,682	2,438,668	105.77%	31,622	2,470,290	107.14%
2003	2,846,075	2,678,162	94.10%	35,543	2,713,705	95.35%
2004	3,291,170	3,339,714	101.47%	90,209	3,429,923	104.22%
2005	3,398,987	3,504,688	103.11%	82,060	3,586,748	105.52%

City of Logan
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Assessed Value ²	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value ¹
1996	\$ 777,361,034	\$ 1,275,006,350	60.97%
1997	881,750,264	1,317,427,619	66.93%
1998	968,974,900	1,582,542,935	61.23%
1999	1,092,074,288	1,656,087,064	65.94%
2000	1,094,720,127	1,650,970,173	66.31%
2001	1,108,476,617	1,638,760,486	67.64%
2002	1,167,597,570	1,715,931,242	68.04%
2003	1,218,593,608	1,786,385,500	68.22%
2004	1,254,594,070	1,840,090,129	68.18%
2005	1,339,618,005	1,959,880,822	68.35%

Notes:

- 1- Information obtained from the Cache County Auditor's Office.
- 2- The formula for assessing property taxes changed during the 1986 tax year. Taxable value 55% of market value for residential property and 100% for commercial property.

**City of Logan
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Logan General Fund	Logan School District	Cache County	Total
1996	0.66	3.53	1.48	5.67
1997	0.62	2.23	1.10	3.95
1998	0.64	2.58	1.36	4.58
1999	0.63	3.34	0.97	4.94
2000	0.61	3.54	0.93	5.08
2001	0.98	3.61	0.90	5.49
2002	0.85	3.40	0.89	5.14
2003	0.92	3.46	1.13	5.51
2004	0.92	3.65	1.14	5.71
2005	0.93	3.65	1.14	5.72

Notes:

- 1- Information obtained from the State Tax Commission .
- 2- Beginning in the 1987 fiscal year the tax rate is factored by 5 to equate to the mill levy assessment.

City of Logan
Special Assessment Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collection to Amount Due	Total Outstanding Assessments ¹
1996	\$ 1,564	\$ 2,058	131.59%	\$ 3,291
1997	626	1,072	171.25%	2,219
1998	-	280	N/A	1,939
1999	-	455	N/A	1,764
2000	-	-	N/A	-
2001	-	-	N/A	-
2002	-	-	N/A	-
2003	-	-	N/A	-
2004	-	-	N/A	-
2005	-	-	N/A	-

Note:

1- In the 1999 fiscal year the outstanding balances were written off.

City of Logan
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value ²	Gross Bonded Debt ¹	Debt Service Monies Available	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	39,231	\$ 777,361,034	\$ -	\$ -	\$ -	-	0.00%	-
1997	40,671	881,750,264	-	-	-	-	0.00%	-
1998	42,386	968,974,900	-	-	-	-	0.00%	-
1999	42,917	1,092,074,288	-	-	-	-	0.00%	-
2000	42,670	1,094,720,127	8,015,000	-	-	8,015,000	0.73%	187.84
2001	42,342	1,108,476,617	7,750,000	-	-	7,750,000	0.70%	183.03
2002	44,701	1,167,597,570	7,470,000	-	-	7,470,000	0.64%	167.11
2003	44,994	1,218,593,608	7,180,000	-	-	7,180,000	0.59%	159.58
2004	45,626	1,254,594,070	6,875,000	-	-	6,875,000	0.55%	150.68
2005	45,816	1,339,618,005	6,555,000	-	-	6,555,000	0.49%	143.07

Notes:

1- Includes all long-term general obligation debt.

2- Taxable value 55% of market value for residences and 100% for commercial property.

City of Logan
Computation of Legal Debt Margin
June 30, 2005

Assessed valutaions:

Assessed value	
Add back: exempt real property	
Total assessed value	<u>\$ 1,339,618,005</u>

Legal debt margin

Debt limitation - 8 percent of total assessed value		107,169,440
Debt applicable to limitation:		
Total bonded debt	\$ 6,555,000	
Less: Amount available for repayment of general obligation bonds	<u>-</u>	
Total debt applicable to limitation		<u>6,555,000</u>
Legal debt margin		<u>\$ 100,614,440</u>

City of Logan
Computation of Direct and Overlapping Debt
June 30, 2005

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Logan</u>	<u>Amount Applicable to City of Logan</u>
Direct:			
City of Logan	\$ 41,192,000	100%	\$ 41,192,000
Overlapping:			
Logan Redevelopment Agency ¹	4,185,000	100%	4,185,000
Logan City School District	22,915,000	100%	22,915,000
Cache County	17,012,720	43%	7,397,131

Notes:

1- The City of Logan Redevelopment Agency is included in the City's Comprehensive Annual Financial Report as required in the Governmental Accounting Standards Board Statement No. 14.

City of Logan
Ratio of Annual Debt Service Expenditures for
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1996	\$ -	\$ -	\$ -	\$ 17,269,817	0.00%
1997	-	-	-	19,319,136	0.00%
1998	-	-	-	25,775,490	0.00%
1999	-	-	-	33,367,786	0.00%
2000	375,000	324,013	699,013	33,178,972	2.11%
2001	265,000	414,944	679,944	35,451,898	1.92%
2002	280,000	399,684	679,684	30,283,454	2.24%
2003	290,000	385,684	675,684	31,826,617	2.12%
2004	305,000	371,184	676,184	35,476,091	1.91%
2005	895,000	716,506	1,611,506	34,025,805	4.74%

Note:

1- Includes the general, special revenue, and capital projects funds

City of Logan
Revenue Bond Coverage
Water and Sewer Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	\$ 5,448,861	\$ 2,772,729	\$ 2,676,132	\$ 525,000	\$ 380,377	\$ 905,377	2.96
1997	5,737,244	3,208,760	2,528,484	540,000	372,326	912,326	2.77
1998	6,376,970	3,059,141	3,317,829	555,000	462,696	1,017,696	3.26
1999	6,817,973	3,590,012	3,227,961	695,000	581,070	1,276,070	2.53
2000	7,110,428	3,499,543	3,610,885	970,000	554,897	1,524,897	2.37
2001	7,093,747	3,484,293	3,609,454	980,000	518,759	1,498,759	2.41
2002	6,884,513	3,323,036	3,561,477	1,242,895	617,609	1,860,504	1.91
2003	7,764,148	4,085,933	3,678,215	1,475,000	795,006	2,270,006	1.62
2004	10,454,186	4,102,217	6,351,969	1,500,000	693,616	2,193,616	2.90
2005	10,325,855	4,519,181	5,806,674	1,510,000	705,428	2,215,428	2.62

Note:

- 1 - Includes operating and non-operating revenues
- 2 - Includes operating expenses excluding depreciation and amortization

City of Logan
Revenue Bond Coverage
Electric Utility Bonds
Last Ten Fiscal Years

Fiscal Year	Direct		Net Revenue Available For Debt Service	Debt Service Requirements		
	Gross Revenue (1)	Operating Expenses (2)		Principal	Interest	Total Coverage
1996	\$ 17,631,005	\$ 11,410,091	\$ 6,220,914	\$ 1,310,000	\$ 470,205	\$ 1,780,205 3.49
1997	18,413,157	12,068,070	6,345,087	1,560,000	366,154	1,926,154 3.29
1998	18,934,480	12,688,061	6,246,419	4,695,000	154,170	4,849,170 1.29
1999	19,227,649	13,159,848	6,067,801	-	-	- N/A
2000	19,264,843	16,243,359	3,021,484	-	-	- N/A
2001	22,871,598	30,412,812	(7,541,214)	-	-	- N/A
2002	27,116,676	26,152,865	963,811	-	402,555	402,555 2.39
2003	27,638,243	20,829,446	6,808,797	694,000	403,800	1,097,800 6.20
2004	29,026,546	23,517,339	5,509,207	723,000	373,771	1,096,771 5.02
2005	28,529,737	24,583,530	3,946,207	1,503,000	211,249	1,714,249 2.30

Note:

1 - Includes operating and non-operating revenues

2 - Includes operating expenses excluding depreciation and amortization

City of Logan
Electric Utility Revenue Coverage And
Contributions To Other Funds
Last Ten Fiscal Years

Fiscal Year	Total Revenues		Total (1) Expenses	Revenue Coverage	Contributions To Other Funds		Contributions As a Percent Of Total Revenues
	(Operating and Non-Operating		(Operating and Non-Operating				
1996	\$ 17,631,005	\$	11,410,091	1.55	\$ 1,784,752		10.12%
1997	18,413,157		12,068,070	1.53	2,002,662		10.88%
1998	18,934,480		12,688,061	1.49	1,843,348		9.74%
1999	19,227,649		13,159,848	1.46	1,870,929		9.73%
2000	19,264,843		16,243,359	1.19	1,972,417		10.24%
2001	22,871,598		30,412,812	0.75	2,064,310		9.03%
2002	27,116,676		26,152,865	1.04	1,418,459		5.23%
2003	27,663,153		21,222,127	1.30	2,877,824		10.40%
2004	29,026,546		23,517,339	1.23	2,893,506		9.97%
2005	28,529,737		24,794,779	1.15	3,055,473		10.71%

Note:

1- Depreciation and amortization are not included.

City of Logan
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Per Capita Income ²	Median Age	Education		
				Level in Years of Formal Schooling	School Enrollment	Unemployment Rate ³
1996	39,231	\$ 11,459	N/A	N/A	5,823	2.4%
1997	40,671	11,147	N/A	N/A	5,808	2.7%
1998	42,386	11,215	N/A	N/A	5,840	2.5%
1999	42,917	17,612	N/A	N/A	5,855	2.4%
2000	42,670	18,057	N/A	N/A	5,803	2.7%
2001	42,342	18,757	N/A	N/A	5,637	2.5%
2002	44,701	19,573	N/A	N/A	5,763	3.2%
2003	44,994	19,792	N/A	N/A	5,872	4.3%
2004	45,626	20,128	N/A	N/A	5,801	3.4%
2005	45,816	21,314	N/A	N/A	5,741	4.0%

Sources:

- 1- Bureau of the Census / Utah Population Estimates Committee
- 2- Utah Division of Workforce Services - Cache County
- 3- Utah Division of Workforce Services - Cache County

City of Logan
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits ¹	Property Value ²
	Number of Units	Value	Number of Units	Value		
1996	64	\$ 18,014,544	643	\$ 42,049,417	N/A	\$ 1,275,006,350
1997	37	13,650,856	480	36,148,270	N/A	1,317,427,619
1998	44	17,425,380	280	22,725,758	N/A	1,582,542,935
1999	22	10,429,652	177	29,943,363	N/A	1,656,087,064
2000	49	20,448,107	160	19,004,389	N/A	1,650,970,173
2001	46	30,446,192	177	20,545,390	N/A	1,638,760,486
2002	39	31,000,314	379	34,558,831	N/A	1,715,931,242
2003	34	23,886,032	187	20,685,309	N/A	1,786,385,500
2004	31	27,472,233	188	29,534,047	N/A	1,840,090,129
2005	35	18,520,865	224	39,756,552	N/A	1,959,880,822

Notes:

1- Utah is a branch banking state and deposit figures are currently available only on a state-wide basis.

2- Estimated actual value

**City of Logan
Principal Taxpayers
June 30, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Icon Health and Fitness	Exercise equipment	\$ 37,613,010	2.8%
Moore Business Communications	Printing	32,591,580	2.4%
Price Development	Developer	25,118,035	1.9%
Hyclone Laboratories	Serum manufacturing	21,000,375	1.6%
Gossner Foods	Cheese processing	20,144,330	1.5%
Tyco Printed Circuit Group	Circuit board manufacturing	17,414,330	1.3%
Qwest	Telephone	15,297,850	1.1%
Lowes Home Improvement	Home improvement	12,871,065	1.0%
Cache Valley Investors	Land developer	12,403,470	0.9%
Robert D. Harris	Research	8,618,550	0.6%
Totals		<u>\$ 203,072,595</u>	<u>15.2%</u>

Total assessed valuation \$ 1,339,618,005

Notes:

1- Information provided by the Cache County Auditor

City of Logan
Miscellaneous Statistics
June 30, 2005

Date of Incorporation	January 1, 1866
Form of Government	Council - Mayor
Number of Employees:	
Classified	354
Exempt	63
Area in square miles	16.93
City of Logan facilities and services:	
Miles of streets	136
Number of street lights	3,532
Culture and Recreation:	
Parks	38
Libraries	1
Number of volumes	169,488
Fire Protection:	
Number of stations	2
Number of fire personnel and officers	49
Police Protection:	
Number of stations	1
Number of police personnel and officers	70
Municipal Water Department:	
Number of service connections	16,415
Consumption in gallons	3,074,170
Miles of water mains	215
Sewerage System:	
Number of service connections	16,702
Miles of sewer lines	135
Municipal Electric Department:	
Number of service connections	17,400
Kilowatt hours consumed	402,499,000
Miles of distribution lines	199
Solid Waste and Disposal Department:	
Number of city users	15,048
Number of county users	15,309
Cubic yards of garbage received	209,075
Building Permits Issued	259

City of Logan
Schedule of Insurance in Force
July 1, 2005

Type of Coverage and Name of Company	Policy Number	Policy Period		Details of Coverage	Liability Limits (in Thousands)		Premium
		From	To				
Buildings Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Buildings, accidental electric/mechanical failure	\$	86,677	\$ 231,461
Building contents Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Building contents		10,280	29,333
Builders Risk Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Construction insurance		550	3,081
Electronic Data Processing Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Electrical and data processing equipment		660	1,136
Construction Equipment Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Off-road construction equipment		4,623	16,544
Automobile Liability Utah Local Governments Trust	12230-GL-197-2004	07/01/04	06/30/05	\$1,000 deductible Automobile liability, uninsured motorist, personal injury		2,000	253,112
Mobile Equipment Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Mobile equipment		478	1,712
Boiler and Machinery Olympus Insurance Agency	FBP9326706	07/01/04	06/30/05	\$1,000 deductible Equip. break, Property damage, Bus. income		938	619
Excess Workers Compensation Utah Local Governments Trust	12230	07/01/04	06/30/05	Workers compensation claims		-	242,723
Finance Director Bond Fred A. Moreton Insurance	B-846158	07/01/04	06/30/05	\$10,000 Public employees blanket bond \$10,000 additional for Finance Director		10	950
Treasurer Bond Fred A. Moreton Insurance	B-846158	05/07/04	05/07/05	\$1,000 deductible Surety bond		1,500	1,280
Equipment in the Open Utah Local Governments Trust	PX809764	07/01/04	06/30/05	\$1,000 deductible Outdoor equipment		922	2,190
Fine Arts Utah Local Governments Trust	PX89764	7/1/2004	6/30/2005	\$1,000 deductible Private Family Book collection		1,200	3,188

**City of Logan
Salaries and Surety Bonds
of Principal Officers
June 30, 2005**

Title	Name of Officer	Annual	Amount of Surety Bond	
		Salary	Aggregate	Each Loss
Mayor	Douglas E. Thompson	\$ 73,827	\$ -	\$ -
Council Member	Joseph C. Needham	13,711	-	-
Council Member	Tami W. Pyfer	13,711	-	-
Council Member	Laraine S. Swenson	13,711	-	-
Council Member	Steven C. Taylor	13,711	-	-
Council Member	Stephen C. Thompson	13,711	-	-
Administrative Services Director	Vacant	-	-	-
Public Works Director	Mark R. Nielsen	82,614	-	-
City Engineer	Bill Young	77,621	-	-
City Attorney	Kymber Housley	91,000	-	-
City Recorder	Lois A. Price	60,561	-	-
City Treasurer	Robert T. Burton	65,497	1,500,000	-
Director of Finance	Richard P. Anderson	69,000	10,000	-
Accounting Manager	Glen R. Schmidt	49,185	-	-
Information Systems Manager	Jeff W. Compton	74,507	-	-
Police Chief	Richard W. Hendricks	84,573	-	-
Fire Chief	Mark H. Meaker	80,620	-	-
Parks & Recreation Director	Russ A. Akina	76,611	-	-
Golf Pro	Jeffrey B. John	60,163	-	-
Cemetery Sexton	Seth Sparks	44,076	-	-
Library Director	Ronald K. Jenkins	76,586	-	-
Light & Power Director	Jay L. H. Larsen	90,354	-	-
Environmental Director	Issa A. Hamud	73,011	-	-
Parks Superintendent	Edward Stephens	47,894	-	-
Water / Wastewater Manager	Lance E. Houser	71,688	-	-
Street Maintenance Manager	Jeddie K. Al-Imari	59,173	-	-
Fleet Manager	Coy L. Ashby	56,284	-	-
Community Development Director	Jay L. Nielson	80,405	-	-
Safety Risk Manager	Will Lusk	50,979	-	-
Human Resources Director	Bruce Adams	71,623	-	-
Purchasing Manager	David A. Wallace	52,488	-	-
Transit Manager	Todd Beutler	70,000	-	-
Justice Judge	Cheryl A. Russell	76,258	-	-

City of Logan
Water Connections and Usage
Last Ten Fiscal Years

Fiscal Year	Total Service Connections	Total Consumption in Gallons (in Thousands)	Percent of Total Service Metered
1996	14,064	2,655,858	99%
1997	14,457	2,784,606	99%
1998	14,923	2,524,247	99%
1999	15,116	2,710,696	99%
2000	15,459	2,981,077	99%
2001	15,658	3,326,879	99%
2002	15,861	3,260,618	99%
2003	15,148	3,121,570	99%
2004	16,239	3,568,766	99%
2005	16,415	3,074,170	99%

City of Logan
Electricity Generated and Purchased for Resale
Last Ten Fiscal Years

Fiscal Year	Electricity (KWHs) Generated			Electricity (KWHs) Purchased (in Thousands)	Total Generated and Purchased (in Thousands)	Total Station Use and Line Losses (in Thousands)	Net Electricity (KWHs) Available For Resale (in Thousands)
	Hydroelectric Plant (in Thousands)	Diesel / Gas Generation Plant ¹ (in Thousands)					
1996	32,291	121		294,032	326,444	623	325,821
1997	34,345	215		307,591	342,151	612	341,539
1998	33,643	303		317,611	351,557	684	350,873
1999	35,019	363		333,937	369,319	653	368,666
2000	32,118	3,914		356,770	392,802	802	392,000
2001	19,901	9,840		375,491	405,232	755	404,477
2002	15,569	8,036		382,551	406,156	782	405,374
2003	19,284	13,835		388,915	422,034	1,520	420,514
2004	20,684	8,420		403,222	432,326	551	431,775
2005	23,960	1,328		412,323	437,611	577	437,034

Note:

1- The gas turbine plant generation completely replaced the diesel plant generation in the 2003 fiscal year.

City of Logan
Principal Employers
June 30, 2005

Company	Product	Number of Employees
Utah State University	Education	5,300
Icon Health and Fitness, Inc.	Exercise equipment	3,500
Logan Regional Hospital	Health care	870
Logan City School District	Education	652
Moore Business	Business forms	650
Cache Valley Electric	Electric contractors	520
Hyclone Laboratory	BioGenetic products	500
Bourns, Inc.	Electronic components	412
Sunshine Terrace Foundation	Health care	380
Schreiber Foods, Inc.	Cheese products	370
Tyco Manufacturing	Electronic circuit boards	375
Herff Jones	Yearbook publishers	340
Gossner Foods, Inc.	Cheese and dairy	310
LeGrand Johnson	Construction	300
Weathershield Manuf., Inc.	Window & wood products	300

Notes:

- 1- Information obtained from the Cache Chamber of Commerce website.

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Single Audit Section

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City of Logan
Single Audit Reports
June 30, 2005

City of Logan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grant No.	Program or Award Amount	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Direct:				
EDI Special Project - Zoo Education Building Grant	14.246	B-99-SP-UT-0298	\$ 75,000	\$ 462
Trails Grant	14.246	B-99-SP-UT-0297	225,000	28,257
Northwest Park Grant	14.246	B-04-SP-UT-0804	497,050	497,050
Firefighter Training Facility Grant	14.246	B-01-SP-UT-0617	214,527	78,698
Fire Substation Construction Grant	14.246	B-00-SP-UT-0385	925,000	296,233
Community Development Block Grant - Entitlement	14.218	B-04-MC-49-00011	705,000	315,201
Passed through the Utah State Department of Community and Economic Development:				
Community Development Block Grant	14.228	B-04-SP-UT-0316	70,000	70,000
Total HUD			2,711,577	1,285,901
U.S. Department of Justice (DOJ)				
Direct:				
Bulletproof Vest Partnership Grant	16.607	2003-BU-BX-03014631	9,530	9,530
COPS in Schools Grant	16.710	2001-SH-WX-0536	303,570	121,470
COPS MORE Grant	16.710	2002-CM-WX-0150	147,000	5,198
Homeland Security Grant	16.710	2003-OM-WX-0228	42,208	29,861
Passed through the Utah State Commission on Criminal and Juvenile Justice:				
Narcotics and Gang Enforcement Grant	16.579	01-DRUG-04	115,373	2,500
Narcotics and Gang Enforcement Grant	16.579	01-DRUG-05	105,580	103,867
Edward Byrne Memorial Grant	16.579	4D50	12,818	12,818
SHOCAP Grant	16.523	4L11	14,812	12,781
Total DOJ			750,891	298,025
U.S. Department of Transportation (DOT)				
Direct:				
Operating and Capital Assistance Grant	20.507	UT-90-X027-00	697,996	3,599
Operating and Capital Assistance Grant	20.507	UT-90-X044-00	1,467,000	116,644
Cops in Shops Grant	20.601	410-03-07	9,000	174
Total DOT			2,173,996	120,417
National Foundation on the Arts and the Humanities				
Passed through the Utah State Library Division:				
LSTA - Assistive Technology Grant	45.310	051868	1,500	1,500
LSTA - English as a Second Language Grant	45.310	031906	7,500	451
Total Foundation on the Arts and the Humanities			9,000	1,951
U.S. Environmental Protection Agency (EPA)				
Passed through the Utah State Department of Environmental Quality:				
Safe Drinking Water - State Revolving Fund	66.468	FS-998784-02	400,000	192,000
Total EPA			400,000	192,000

City of Logan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grant No.	Program or Award Amount	Disbursements/ Expenditures
Federal Emergency Management Agency (FEMA)				
Direct:				
Fire Operations and Firefighter Safety Grant	83.554	EMW-2002-FG-05700	39,420	6,584
Flood Mitigation Assistance Program Grant	83.536	EMD-2000-GR-0015	93,240	34,437
Passed through the Utah State Division of Emergency Services and Homeland Security:				
Safety Grant	97.042	SLA-2005-DES-CTY11	7,500	7,125
Total FEMA			140,160	48,146
U.S. Department of Education (DOE)				
Passed through the Utah State Department of Community and Economic Development:				
After School Clubs Grant	84.287	040468	50,000	50,000
After School Clubs Grant	84.287	052119	2,061	2,061
After School Clubs Grant	84.287	052120	1,832	1,832
After School Clubs Grant	84.287	052121	1,997	1,997
Total DOE			55,890	55,890
U.S. Department of Interior (DOI)				
Passed through the Utah State Department of Parks & Recreation:				
LWCF Grant for the Northwest Park	15.916	49-00335-G	157,500	157,500
Total DOI			157,500	157,500
U.S. Department of Health and Human Services (HHS)				
Passed through the Bear River Association of Governments:				
Social Services Block Grant	93.667	349491097	1,500	1,500
Total HHS			1,500	1,500
Total Federal Awards			\$ 6,400,514	\$ 2,161,330

CITY OF LOGAN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal awards as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were those with a CFDA number of 14.218, 15.916, and 20.507.

Note 3 – Subrecipients

The following amounts were passed through to subrecipients:

CFDA #	Amount
14.218	\$ 251,040
14.228	70,000



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and City Council
City of Logan, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Logan, Utah as of and for the year ended June 30, 2005, which collectively comprise the City of Logan, Utah's basic financial statements and have issued our report thereon dated November 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Logan, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we have noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated November 22, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Logan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which we reported to management of the City of Logan, Utah in a separate letter dated November 22, 2005.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
November 22, 2005



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
City of Logan, Utah

Compliance

We have audited the compliance of the City of Logan, Utah with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Logan, Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Logan, Utah's management. Our responsibility is to express an opinion on the City of Logan, Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Logan Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Logan Utah's compliance with those requirements.

In our opinion, the City of Logan, Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 05-01.

Internal Control Over Compliance

The management of the City of Logan, Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Logan Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted one matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Logan, Utah's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as finding 05-02.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



JONES SIMKINS, P.C.

November 22, 2005

CITY OF LOGAN, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

A. Summary of Audit Results:

1.	Type of Report issued	Unqualified
2.	Reportable Conditions in Internal Control	None
3.	Material Non-Compliance discovered	None
4.	Reportable Conditions in Internal Control Over Major Programs	One, not a material weakness
5.	Compliance Report issued	Unqualified
6.	Reportable Findings under A-133	2
7.	Federal programs tested as major programs	14.218, 15.916 and 20.507
8.	Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
9.	Auditee qualification as High or Low Risk	Low

B. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards.

None

C. Findings and Questioned Costs for Federal Awards

05-01 Federal Award Reporting Requirements
CFDA #14.218 and #15.916

Condition: The City was unaware of a requirement to submit form SF-272 Federal Cash Transaction Report. The City also provided incorrect financial information on a financial report.

Criteria: The City's controls over reporting for federal awards should identify all required reports. The controls should also accurately accumulate and summarize information in those reports.

Effect: The City's submission of required reports for federal awards was incomplete or inaccurate.

Cause: City personnel responsible for federal award compliance received incomplete training or misinterpreted reporting requirements and instructions.

Recommendation: We recommend that the City improve reporting controls to ensure that all required reports are identified when a federal award is received. Also, controls should be improved to evaluate the completeness and accuracy of required reports.

CITY OF LOGAN, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-02 Preparation of the Schedule of Expenditures of Federal Awards

Condition: Internal controls over the preparation of the schedule of expenditures of federal awards were not fully developed or implemented to ensure that all federal awards are identified and properly reported.

Criteria: Internal controls should be established to ensure that all federal funds expended are identified and accumulated to accurately prepare a schedule of expenditures of federal awards.

Effect: The schedule of expenditures of federal awards initially provided by the City required significant adjustments.

Cause: The procedures to identify federal awards and the procedures to accumulate and summarize expenditures of federal awards were not fully developed.

Recommendation: The City should properly design and implement procedures to identify all federal awards and to accumulate and summarize expenditures of federal awards, thereby allowing the City to prepare their schedule of expenditures of federal awards in a timely manner.

CITY OF LOGAN
Summary Schedule of Prior Year Audit Findings
(Client Submitted Document)
Year Ended June 30, 2005

There were no findings in the prior year regarding federal awards.

CITY OF LOGAN
Corrective Action Plan
(Client Submitted Document)
Year Ended June 30, 2005

Finding 05-01 Federal Award Reporting Requirements

Recommendation: We recommend that the City improve reporting controls to ensure that all required reports are identified when a federal award is received. Also, controls should be improved to evaluate the completeness and accuracy of required reports.

Contact person: Richard Anderson, Finance Director

1. Logan City management and staff responsible for the preparation of form SF-272 will request formal training.
2. Management will cross-train others for redundancy.
3. Management will implement this action immediately.

Finding 05-02 Preparation of the Schedule of Expenditures of Federal Awards

Recommendation: The City should properly design and implement procedures to identify all federal awards and to accumulate and summarize expenditures of federal awards, thereby allowing the City to prepare their schedule of expenditures of federal awards in a timely manner.

Contact person: Richard Anderson, Finance Director

1. Logan City Finance Department will designate one individual as the grant accountant. This individual will be responsible for the coordination of all grants for the City of Logan.
2. Logan City management will develop policies and procedures sufficient to ensure the grant accountant is involved in the grant administration and monitoring.
3. Management will cross-train others for redundancy.
4. Management has already implemented part of this plan and will complete it by year end.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LEGAL COMPLIANCE REQUIREMENTS**

**To the Mayor and City Council
City of Logan, Utah**

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Utah (the City) for the year ended June 30, 2005, and have issued our report thereon dated November 22, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or not allowed; eligibility; matching; level of effort or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major state assistance programs from the state of Utah:

Class C Road Funds (Department of Transportation)
Liquor Law Enforcement Funds (Tax Commission)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City's financial statements).

Bonneville Shoreline Trail Grant (Department of Natural Resources)
After School Grant (Department of Health)
Summerfest Grant (Department of Community and Economic Development)
Gang Suppression Grant (Department of Public Safety)
VIPS Grant (Department of Health)
EMS Grant (Department of Public Safety)
Justice Court Tech Grant (Utah State Courts)
Utah Arts Council Grant (Department of Community and Economic Development)
Library Development Grant (Department of Community and Economic Development)
Zoo Services Grant (Department of Community and Economic Development)
Zoo Operations Grant (Department of Community and Economic Development)
Paramedic Equipment Grant (Department of Health)

Our audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Justice Courts
- Special Districts
- Other General Compliance Issues
- Uniform Building Code Standards
- Asset Forfeiture
- Impact Fees and Other Development Fees

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate letter dated November 22, 2005. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2005.



JONES SIMKINS, P.C.
November 22, 2005



Certified Public Accountants

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To the Mayor and City Council
Logan, UT 84321

We have audited the financial statements of the City of Logan, Utah for the year ended June 30, 2005, and have issued our report thereon dated November 22, 2005.

Communications Required Under Professional Standards

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards, Government Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated April 12, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control of the City of Logan. Such considerations were solely for the purpose of determining our audit procedures and to report on the internal control in accordance with OMB Circular A-133 and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Logan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City of Logan's compliance with specific requirements, applicable to major federal awards for the purposes of expressing an opinion on the City of Logan's compliance with those requirements.

Significant Accounting Policies and Audit Adjustments

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. As of the beginning of the year, the City created the Special Improvement Fund to account for the renovation activities in the downtown district. The City also increased its capitalization limit for fixed assets to \$5,000. The City also recorded the donation of the genealogical library and determined that it was a non-depreciating capital asset.

For the purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. We made significant audit adjustments to record amounts due from other governments, properly record property taxes receivable in the Redevelopment Agency, adjust the landfill closure liability to the revised estimated amount and to properly record restricted fund balance.

Internal Control

In planning and performing our audit of the financial statements of the City of Logan for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no conditions during our review of the internal control that we believe are material weaknesses to the internal controls over the financial statements. However, our audit disclosed certain conditions related to federal awards that have been reported in the Schedule of Findings and Questioned Costs as items 05-01 and 05-02.

In addition, our audit disclosed the following conditions that although not considered by us to be material weaknesses, are either weaknesses in internal control for which corrective action might be taken, immaterial instances of noncompliance, or other areas where operation efficiency could be improved.

Council

1. A follow up on the recommendations in this letter should be made by the Council.

State Compliance Issues

2. Utah Code requires officers and employees of governmental units to not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. Certain departments and funds incurred expenditures in excess of total appropriations. These departments and funds are identified in the financial statements.
3. Utah Code does not permit deficit fund balances. At year-end there were deficits in the Willow Park Fund, the Special Improvement Fund and the Capital Projects Fund.
4. We noted that, based on the budgeted revenues of the City, the fidelity bond for the City Treasurer needs to be increased to comply with State laws and regulations.

Redevelopment Agency

5. We noted that extensive work had been performed to prepare financial projections for each project within the Redevelopment agency. These projections indicate how each project area will be able to satisfy their financial obligations. We recommend that the City staff provide periodic updates of these projections to the Redevelopment Agency Board.

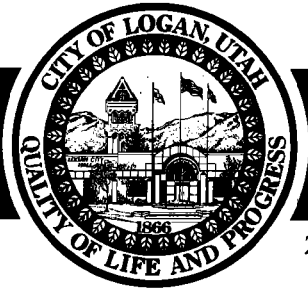
All other prior year recommendations have been or are being implemented. This report is intended solely for the use of the Mayor and the City Council and should not be used for any other purposes.

We express our appreciation for the courtesy and assistance extended to us by City officials and their staffs during the course of our audit. Considerable amount of time was provided by department personnel to help prepare schedules, locate documents and meet with our audit staff during the audit. This cooperation was extremely helpful. We will be pleased to discuss any of these recommendations at your convenience.



JONES SIMKINS, P.C.

November 22, 2005



255 North Main Street • Logan, Utah 84321 • Phone (801) 750-9800 • FAX (801) 752-3720

Management Letter Response
December 1, 2005

Council

1. Follow-up on the recommendations will be discussed at quarterly Audit Committee meetings and at monthly Financial Advisory Committee meetings.

State Compliance Issues

2. Administration will continue to monitor the budget. In the current year, expenditures in excess of budget were insignificant. Administration will continue to monitor budgets and make improvements on the monitoring process.
3. Administration and Council have developed a course of action to remove the deficit fund balances in the Willow Park fund and the capital projects fund. These deficits have already been reduced significantly. The special improvement fund deficit was caused by the timing of events. The deficit will be eliminated in fiscal year 2006.
4. Administration has taken action to increase fidelity bond coverage to exceed the required amount.

Redevelopment Agency

5. Administration and the Redevelopment Agency Board will consider timely updates regarding project area budgets and issues of concern. This practice could be particularly valuable and informative regarding the North Main RDA, with the challenges facing this and other RDA project areas.